

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

N O V E M B E R 1 9 3 9

THE ECONOMIC BALANCE OF POWER.....GUSTAV CASSEL.....18

A BANK'S MODERN TOOLS.....E. S. WOOLLEY.....19

THE CONDITION OF BUSINESS.....1

OVER HERE.....GEO. E. ANDERSON.....5

BANKING'S BIG OPPORTUNITY.....17

THIRTY-NINERS.....O. A. FITZGERALD.....21

PROPERTY INSURANCE OUTLINE.....{ HAROLD G. EBERLE.....22
HORACE W. ERVIN.....22

LOANS TO PAY THE DOCTOR.....ROD MacLEAN.....25

ECONOMICS ON THE CAMPUS.....{ ARTHUR B. ADAMS.....26
GILBERT HAROLD.....26

CUTTING BANKRUPTCY LOSSES.....J. B. ROBINSON.....28

TAX SAVING ON DEBT RECOVERIES.....THEODORE S. CADY.....29

WHAT'S IN A BANK NAME.....T. D. MacGREGOR.....30

THE LEGAL ANSWER PAGE.....32

"FIRM, JUST AND LASTING PEACE".....PICTURES.....33

THIRTY-NINERS.....PICTURES.....37

PRINT A PICTURE OF YOUR LOANS.....PICTURES.....39

A BANK'S INDUSTRIAL EXHIBIT.....PICTURES.....42

BY WAY OF CONTRAST.....PICTURES.....44

NEWS PAPER AND CALENDAR.....49

• BANKING'S DIGEST.....97

JUST A MINUTE 9 • READER'S INTERLUDE 56 • METHODS AND IDEAS 58 • HEARD ALONG
MAIN STREET 70 • THE AMERICAS FIRST 76 • WOULD YOU BELIEVE IT? 79 • PENSION
SYSTEMS IN BRITISH BANKS 80 • JOBS AND SALARIES 82 • WASHINGTON 84 • CANADA'S
EXCHANGE CONTROL 88 • DIRECTORS AND NEW BUSINESS EFFORTS 90 • ASK BANKING 92

• DYKTA STUMPERS 94 • INDEX TO ADVERTISERS 96



New
Customer—
SOURCE
UNKNOWN

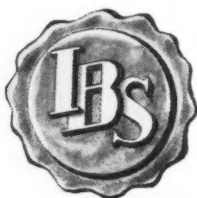
ARE INDEED is the customer who comes in and opens an account with your Bank for a single reason.

Truthfully, he may say, "Recommended by a friend," "Convenience," or "Liked your advertising." But, if it were possible for you to trace all the factors behind each new customer's favorable attitude toward your institution, what would you find? Word-of-mouth and paid advertising, news of the Bank's activities, the appearance of the Bank building, and every check, every letterhead he

has seen with the Bank's name—all have registered in his mind to make up the sum total of that favorable impression.

Banking relationships (and trust relationships to an even greater degree) are not a matter of "love at first sight." Building and *holding* good will is a long term proposition . . . one that is helped decidedly by distinctive stationery. Give *your* Bank the benefit of specialized knowledge and craftsmanship in stationery items that reach your customers—present and prospective.

THIS ADVERTISEMENT IS SPONSORED IN THE INTERESTS OF BETTER RELATIONS BETWEEN BANKS AND PUBLIC BY



THE INSTITUTE OF
BANK STATIONERS

51 EAST 42ND STREET, NEW YORK

The Condition of BUSINESS

HANDLED WITH CARE. The war seems to be making things easier for business although the feeling up to this time is not entirely optimistic. There is a boom spirit tempered by the belief that war profits will be a boomerang. In some respects the most satisfactory thing about the outlook is the calmness with which most manufacturers and traders are making their plans. Prices seem to have found a long upward path and this is what some previous booms were made of.

The war has cast an artificial glow over the whole picture and played some tricks on our thinking, and it will take time to discover what they mean. Recovery, of course, had developed quite a bit of momentum before a shot was fired and every index was pointing to a continuation of the movement. Meanwhile, no one really believes that prosperity can be based on the destruction of life and wealth.

CROSS INDEX. Ninety-one per cent of the bankers and industrial leaders questioned for BANKING'S cross index this month think that their respective businesses are improving or holding up quite well. The less fortunate 9 per cent are a varied group, with retail merchants and small manufacturers predominating.

On the whole this is the most favorable outlook recorded in the 21 months that this index has been compiled. The percentages for this and the six preceding months are as follows:

	UP	UNCHANGED	DOWN
April.....	34	40	26
May.....	35	35	30
June.....	36	42	22

July.....	39	41	20
August.....	44	42	14
September.....	62	26	12
October.....	65	26	9

SOME WAR EFFECTS. There are various ways in which the war is being brought home to us.

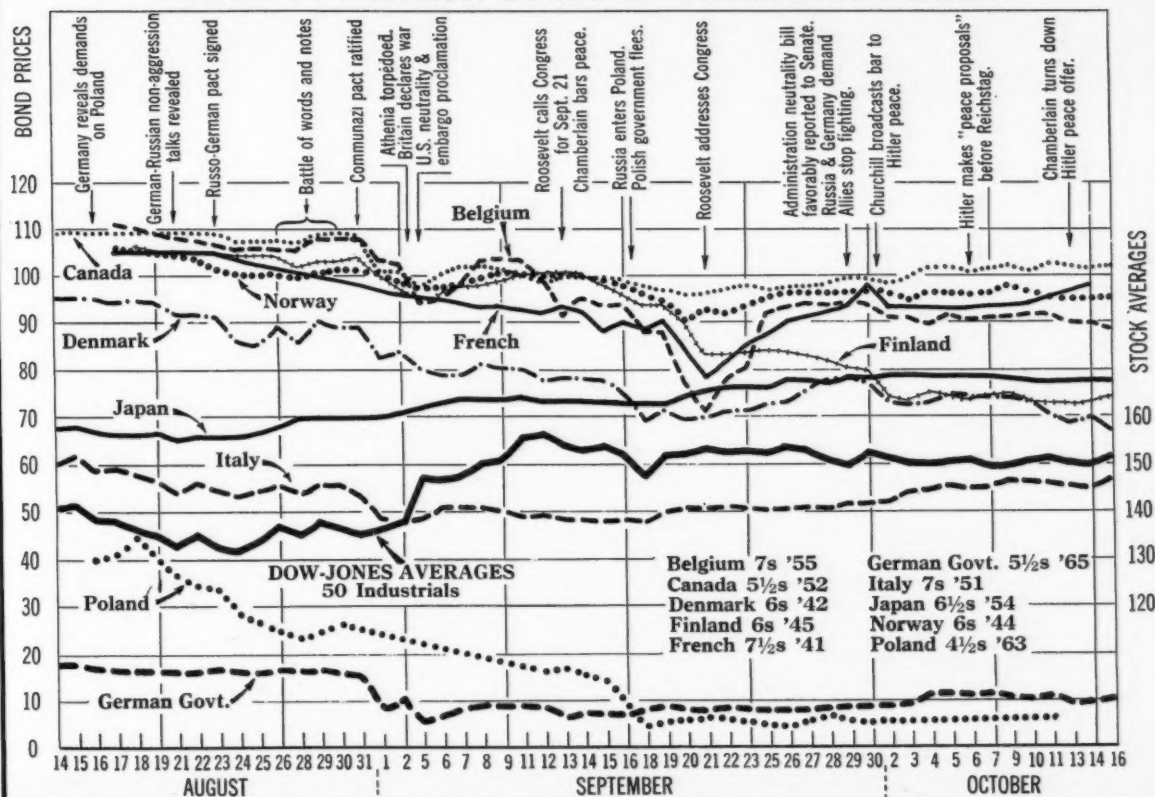
One, it seems to have interrupted sharply the seven-year period of socialistic experiments which made things unpleasant for all concerned. In place of these things we have, paradoxically enough, similar plans reappearing in the guise of emergency economic control for national defense purposes.

DEBT IN ECLIPSE. Two, the war has taken our minds off the rising Federal debt and huge yearly deficits. The nation's unparalleled fiscal problem has been swept almost completely out of the newspapers and public discussions, by the exciting information from abroad, and the same thing has happened to the whole disheartening record of recent years.

IDEOLOGIES. Three, the war took the wind out of Communist sails by cementing a partnership arrangement between Germany and Russia, demonstrating better than anything else could, the kinship of these systems of state socialism. It showed, moreover, how the much maligned system of American capitalism and individual freedom were just about one and the same thing.

FOREIGN TRADE. Four, the war has stimulated our hopes of selling large quantities of goods to Europe and Latin

PRICES OF FOREIGN BONDS & N.Y.S.E. PRICE INDEX



A check like this
would be a big
improvement . . .



Today the trend in banking is toward *modernization*. Bank Officers and Advertising Managers are applying this principle to checks as a definite part of their Public Relations programs.

In redesigning these instruments to create the desired impression of quality, prestige and up-to-dateness, La Monte Safety Papers are usually "first choice."

Not only because the paper with the identify-

ing "wavy lines" has for more than 65 years been publicly recognized as "the standard for protection" for this type of instrument — but also because La Monte Safety Papers offer a well-nigh perfect lithographing and printing base and a pleasing, smooth writing surface.

Checks on La Monte Safety Papers provide the utmost in distinction and safety.

From coast to coast, La Monte Safety Papers are the choice of outstanding business institutions, including more than 75% of the nation's largest banks.



GEORGE LA MONTE & SON
Nutley New Jersey

America, although it has not solved the problem of what our foreign customers can use for money. If we lend them the funds to buy goods here, we will be doing approximately what we did before, and once like that should be enough. Even if we ship overseas a billion dollars worth of wealth produced by our labor, and get paid for it in gold, it would only add to a problem that is already too difficult.

Another fly in the foreign trade ointment is the important question of contraband. What is it? We do not even know exactly what kind of a war this is. The only thing certain is that nothing is too fantastic to expect in the way of shifting alliances and cross currents. The chances are that goods of practically every kind will be contraband before hostilities end.

PRICES AND INFLATION. Five, the war has stirred into action the inflationary impulses which have accumulated during the easy-come-easy-go era of national finance. This is reflected in the attempts everywhere noticeable to give prices a little lift here and a boost there.

EMPLOYMENT. Six, the war has definitely hastened re-employment. Although the general advance in wholesale, retail and industrial activity thus far has been almost wholly domestic in origin, the prospect of war orders and the expectation of rising prices have given everyone the courage

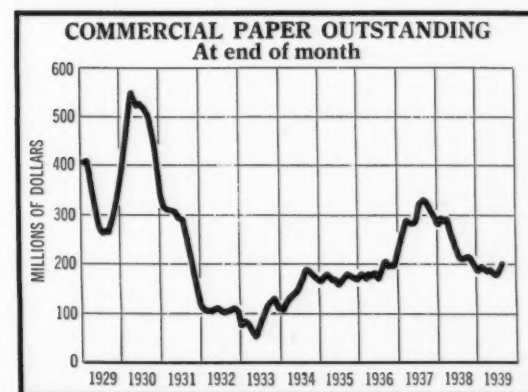
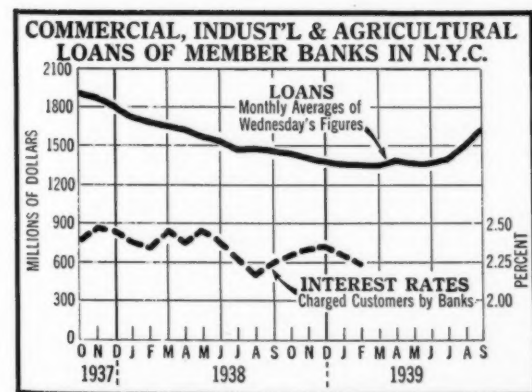
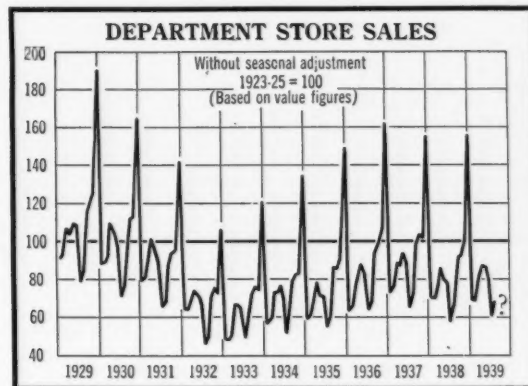
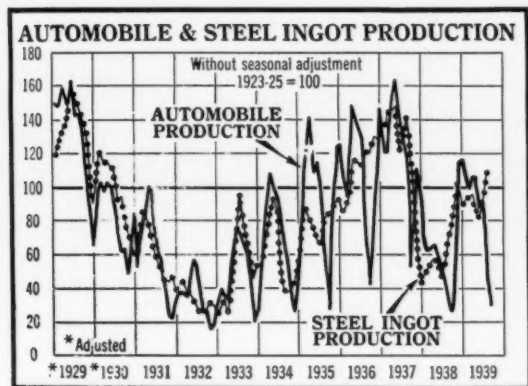
to go ahead and step up production. In other words, the war has led both manufacturers and distributors to break away from hand-to-mouth buying policies which have held business back since 1937.

There is every indication and expectation at this time that the coming holiday season will be a lively one. The demand for automobiles, even before the new models were displayed, is an indication of increased consumer demand.

MONEY RATES. For several years, while interest rates have been at the lowest point in our history, there have been frequent predictions as to when the rates would turn upward. In general, there was agreement among bankers and economists that a definite and sustained rise in demand for business loans would be followed by increasing rates. This, it was felt, would occur regardless of the amount of idle funds on hand. Accordingly, the time for a test of this prediction is at hand because business loans have been increasing steadily in most parts of the country since the middle of Summer and before. (See chart.)

INDUSTRIAL TEMPO. Steel, naturally, has led the procession and has a backlog of orders, which suggests the possibility of some plant extension. The advance in output during September and October has been the most rapid in the industry's history.

WILLIAM R. KUHN



BANKING — Published monthly by the American Bankers Association, 22 East 40th Street, New York City — \$3.00 per year.

Volume XXXII, No. 5. Copyright 1939. Harold Stonier, Publisher; William R. Kuhns, Editor. Assistant Editors, William P. Bogie and John L. Cooley. Production, August A. Small. Field Representatives: Alden B. Baxter, Advertising Manager, Prentiss Jackson, Jr., Robert J. Stiehl, 22 E. 40th St., New York City; Robert W. Kneebone, 230 N. Michigan Ave., Chicago, Ill.; R. J. Birch & Co., San Francisco, Cal.; Stanley Ikard, Los Angeles, Cal. Washington office, Washington Building, 15th St. and Pennsylvania Ave. Subscriptions: \$3 yearly; Canada, \$3.36; foreign, \$3.72; single copies, 25 cents. Entered as second-class matter May 5, 1909, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Additional entry at Concord, N. H. With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.

"Sell me a tender young steer

I'LL BUTCHER IT MYSELF"



IF your customers bought this way, they might save a few pennies per pound, but they would spend far more for meat. Whether a housewife wants a tenderloin steak, a rib roast, or some hamburger, she naturally takes advantage of your services as an immediate source of supply for any meat product.

Neither her icebox nor her means permit her to buy meat on a wholesale basis. And you justify your slight profit many times over in service, convenience, and careful buying which safeguards the customer's pocketbook and health.

When the retail meat dealer buys insurance from the experienced agent or broker of a stock insurance company, he does not say, "\$50 worth of insurance, please." He asks for and gets the advice and full services of an expert purchasing agent in the complex insurance field, like himself an expert middleman. No worries about uncovered risks that might wreck a business.

Because we believe so thoroughly in the services of an expert middleman whether wholesale or retail meat dealer, insurance agent or broker, we refuse to accept business direct because it is not in the interest of the Company or the assured to do so. When *you* buy National Surety Fidelity Bonds, Surety Bonds, Burglary or Forgery Insurance through your local insurance agent or broker, you deal with a customer and friend who is a fellow member and supporter of the American Business System.

● This is a reprint of an advertisement of a stock insurance company directed to the independent business men in the meat business in your city.

The commercial bank, like the meat dealer, is a middleman. Its customers and its directors are chiefly independent business men—representative of the American Business System.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, *President*

OVER HERE

No question is more important or widely discussed than that of the United States' chances of keeping out of the war. Polls are taken and speeches are made, but no one knows the extent of the nation's resistance to propaganda. George E. Anderson, BANKING'S Washington writer, discusses here some of the economic implications of neutrality as he sees them. Mr. Anderson's regular article on Washington events appears on page 84.

IN essential respects the treatment of the provisions of the Administration's neutrality bill in the Senate is illustrative of American psychology with regard to the war in Europe. We are very anxious to keep out of war difficulties but it is not so certain that we will be willing to pay the full price indefinitely.

The provisions of the original bill required that no American ship should enter the combat zone; that no American ship should carry goods to any nation at war; no American might travel on a ship belonging to a belligerent; no American might extend credit to any nation at war or buy its bonds; and so on. These provisions applied not only to belligerents themselves but also to their dominions, colonies and possessions. In other words they applied to Hongkong, Singapore, French Indo-China, India, Australia, New Zealand, South Africa, the British and French West Indies and Latin American possessions and their South Sea Islands.

Nor was there the least concession as to the character of the cargo carried, the part the United States has had in their normal peace time trade, or the extent to which the restrictions on trade would affect vital American interests. It must be realized, also, that prohibition of the carrying trade to these countries practically means prohibition of carrying trade from them. No shipping line could afford to maintain a service for one way traffic. In other words, the United States abandons neutral rights for which it has contended during over a century, for which it fought one foreign war and which was the basis for its chief quarrel with belligerents during the World War—all this for the purpose of avoiding any incident which would cause such a loss of life or property as to inflame public opinion in this country or raise issues which the United States would be called upon to defend even at the cost of war.

This system was in the way of being blithely accepted by all parties and factions in Congress when it was suddenly realized that if and when the provisions of the law were carried to their literal limit they would put at least 900,000 tons of American shipping out of business. That put a different aspect on the matter. Reaction was not long in coming. The National Foreign Trade Council protested. The New York Board of Trade protested. Even the United States Maritime Commission opposed the rest of the Administration by protesting. The Senate followed the reaction very quickly.

With few exceptions all authorities agreed that the title to property sold to belligerents should be transferred before goods left the United States. But the majority of legislators could not see why American ships should be prohibited from carrying their usual cargoes to belligerent territory far from the combat zone, such as Hongkong, India, Australia, belligerent territory in the West and East Indies or anywhere else where the risk of stoppage or attack was remote or non-existent.

So a system which was designed to be air and water tight was so modified as to let in a little air and water and perhaps considerable light.

Truth is, the anxiety, almost a mania, for so-called neutrality which would "keep us out of war" has led the American people into a course of action which is very short-sighted at best and which they may not be willing or able to maintain in a long war. Taking the country as a whole, there is no doubt that a great majority of citizens are willing to make great sacrifices to keep out of war and even to avoid incidents which would embroil this country diplomatically with warring nations. Not many of them realize, however, that in legislation dealing with war conditions they are binding themselves to an extent which later may prove not only exasperating but destructive of their own best interests.

Crippling American shipping would be only one case in point. In itself that would not only cause tremendous loss by laying up American vessels but would put an immediate stop to the further development of the American merchant marine, increase unemployment by ending current shipbuilding, would turn American shipping business over to its British and especially its Japanese rivals and lay up trouble for years to come. It would restrict our trade with neutrals by interfering with established steamship routes and pre-

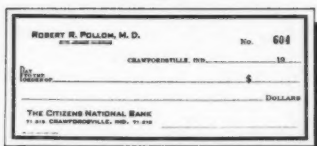
"WRITE YOUR CONGRESSMAN" IS OLD-FASHIONED

So many Marylanders wanted to tell their Senators Tydings and Radcliffe what they thought about neutrality that the legislators took over the largest room in the Senate office building and held a meeting. *Below*, the two legislators (backs to camera in foreground, Senator Radcliffe on the left) are listening to Dr. G. Canby Robinson, of Johns Hopkins Medical Clinic, Baltimore



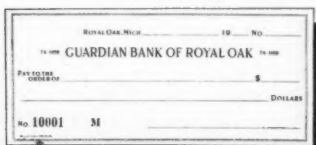
HARRIS & EWING

SURROUND YOUR CHECKS WITH SAFETY



IMPRINTED CHECK

CONTROL: You know who received this check. He has his name printed on it.



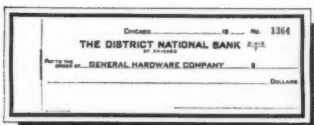
SAFETY NUMBERED CHECK

CONTROL: You know to whom you gave this check. It is Safety Numbered and the depositor signed for it.



COUNTER CHECK

CONTROL: This Counter Check can be used only within the bank by your customers.



MERCHANT'S CHECK

CONTROL: This blank check is for the convenience of the merchant's customers only within his store.

● You can't set up mechanical protection against all kinds of check fraud but, at very little cost, you can provide these four safeguards. Safety Numbering will get you started. Write us for further details and we'll send you a booklet explaining it fully.

De Luxe
CHECK PRINTERS INC.,
Lithographers and Printers

PLANTS AT CHICAGO CLEVELAND
KANSAS CITY NEW YORK ST. PAUL

venting us from securing normal supplies of raw materials from normal sources; by breaking up established commercial connections; and by preventing Americans from a carrying trade which even the belligerents propose to maintain for the purpose of protecting their commerce.

In all these matters it must be realized that any policy, whether of our own or of the belligerents, which would seriously restrict American foreign trade would also have the result of increasing unemployment in this country, put an end to business recovery, and cause more distress and resentment among the people than the sinking of a dozen American vessels.

The 90-day credit clause in the neutrality bill was designed to prohibit all credit to belligerents except 90-day credit on purchases under ordinary commercial rules and in accord with ordinary commercial practice and which could not be renewed. Opposition to this provision seemed to regard it as an attempt to permit belligerents to build up a vast amount of debt which would give the United States such a stake in the war that our participation would be a matter of only a few weeks or months at most.

In all war measures in this country there has been a tendency to assume positions which probably cannot be maintained. The idea of a neutral zone around the Americas offers another example of biting off more than can be properly masticated. It is a fine idea if it can be carried out. It is easy enough to forbid belligerents to carry

on active warfare in this hemisphere but what if the belligerents disregard the prohibition? One can hardly agree with Senator Claude Pepper of Florida that if the belligerents refuse to accept the Pan-American plan they should be compelled to do so. This would in itself be war. The Panama declaration may be taken as a statement of policy of what the United States and other American republics would like to see. But we can let it go at that.

DON'T FORGET ASIA

WAR in Europe has rather overshadowed the war in Asia, but in some respects interests of the United States are more directly involved in Asia than across the Atlantic. Whatever may be the result of the Chino-Japanese contest the position of Americans and other foreigners in that part of the world will never be again what it has been. This in itself is not so important as is the necessity of seeing to it that American interests suffer no unfair disadvantage in the new order of things.

In a game of probabilities American industry and trade have a greater future in the rehabilitation of China than they have in the rehabilitation of Europe. In world politics the United States has interests in the Far East second only to those in Latin America, and these interests will increase rather than diminish in the immediate future. The manner in which the matter of a trade treaty with Japan is handled in the coming session of Congress will be a supreme test of the virility of American statesmanship.

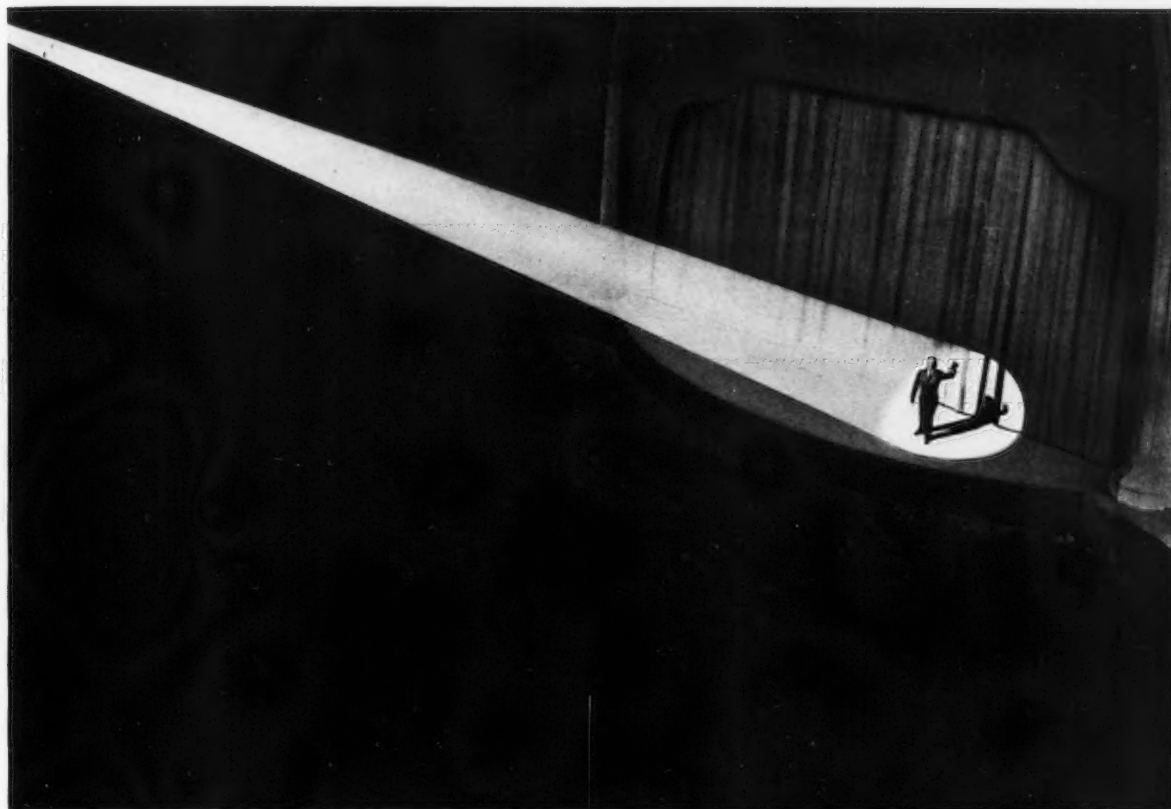
PAN-AMERICA

United States Under Secretary of States Welles addressing delegates to the recent Pan-American Conference, where the chief concern was hemisphere neutrality



INTERNATIONAL
BANKING

"Unforeseen events . . . need not change and shape the course of man's affairs"



IS THERE A DOCTOR IN THE HOUSE?

That urgent cry . . . often flung over the footlights . . . need not sound strange in the boiler room of an industrial plant. Because a boiler can suffer an attack of *acute indigestion* just as readily as an actor back-stage.

With a boiler, the *feed water* is usually to blame. That's why the doctor . . . in this instance, the engineer . . . pays so much attention to the water that goes into it. For water which is too acid or too alkaline can corrode and scale the metal, causing explosion, financial loss and tragedy.

Unless the water is right, too, boiler operating costs go

up . . . and life of the boiler is shortened. Scientific testing and treatment of water by Maryland engineers can probably save you enough *to pay the cost of your boiler insurance!*

As part of The Maryland's service to its clients, certified boiler engineers of the Company also inspect boilers and pressure vessels during construction, and check regularly the boilers in industrial plants, public utilities, state and city institutions, apartments and homes. Maryland Casualty Company, Baltimore.

THE MARYLAND

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland agents are equipped to help you obtain protection against unforeseen events in business, industry and the home.

A TOWER OF STRENGTH



Complete Banking Service

BANKERS TRUST COMPANY

16 WALL STREET, NEW YORK

FIFTH AVE. AT 44TH ST.

57TH ST. AT MADISON AVE.

LONDON: 26 OLD BROAD ST.

Member of the Federal Deposit Insurance Corporation

JUST A MINUTE

K. Y. B.

"**K**NOW YOUR BANK," said Robert M. Hanes to the American Bankers Association Convention which had just elected him President, "is a phrase you will hear often during the next 12 months." To it the Association's activities are being keyed.

As a slogan these three words offer, Mr. Hanes went on to say, "a challenge for every man in every bank." It implies education; and although banking leads all American business in providing educational opportunities for those who are doing its work, bankers cannot sit back and be satisfied with their records. In President Hanes' words: "We must establish new ones."

War's Sinews

A COUPLE OF days after the war started, BANKING cabled Gustav Cassel, the Swedish economist, asking whether he would write an article on the subject of economic armament supplementing his discussion of that subject in the April 1938 issue.

Professor Cassel's reply came from Djursholm before the office closed that afternoon. It said:

"Yes."

And so, on page 18, he reexamines the sinews of war as they are today.

Ask Them

TO HELP ITS Circulation appreciate the picture on this page (taken at Seattle during the A.B.A. Convention), BANKING affirms that the fishermen are real, the fish is real, the boat is real, the rods are real, the reels are real, and the natty jackets are real.

If you've checked off the items in this accounting, you are now saying "Yes, but", and adding—naively of course—"What about the mountains and water?"

A fair question. However, BANKING prefers to stop at the water's edge. For background material write to Angler Haynes McFadden (left), secretary of the Georgia Bankers Association, or Angler Julian T. Baber of the U. S. Secret Service, Washington, D. C. After all, it's their picture.

Mr. MacGregor Again

T. D. ("SLOGAN") MACGREGOR bobbed up with an interesting story on unusual bank names. Lest you forget—we didn't—Mr. MacGregor is the gentleman who assembled the 100 bank

slogans for our July issue, a list that had to be amended a dozen times in the September number because so many readers hastened to point out that their banks weren't mentioned.

It might seem that the Editorial Committee would shiver and then duck, not caring to risk a second attack by a readership which, though polite, can be very firm and positive. However, the Committee did just the opposite. Without even going into a preliminary huddle it said to Mr. MacGregor: "This is good stuff. How many kicks is it good for?"

Mr. MacGregor smiled.

"Well," said he, "if you get enough you can make another article of 'em."

Now turn to page 30.

In Yankeeland

THE FIRST NATIONAL Bank of Boston, which has been living in Yankee-land for more than 150 years, publishes an attractive monograph on the section that was "the birthplace of American business enterprise."

Called "New England Trends", the 38-page study is packed with factual data and primary information on the economic life of our six northeastern states. Twenty-four aspects are covered, ranging from wealth to debt, industry to recreation. Textual material on each is supplemented by graphs showing New England today against its past record, and often in comparison with the rest of the country. In some of the

Ask Them!



SPECIALISTS IN

UNITED STATES GOVERNMENT SECURITIES

GUARANTEED ISSUES
OTHER AGENCY ISSUES
TERRITORIAL AND
MUNICIPAL BONDS

C. J. DEVINE & CO.

INC.

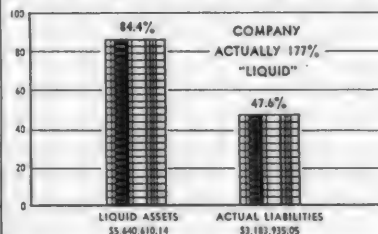
48 WALL STREET, NEW YORK

HAnover 2-2727

CHICAGO • BOSTON • PHILADELPHIA
CINCINNATI • ST. LOUIS • SAN FRANCISCO

Direct Wires to all Offices

UNUSUAL LIQUIDITY



A Fire Insurance Company must be able to meet the unexpected — catastrophes if you please.

The above graph reveals that Millers National could liquidate 84.4% of its total assets on short notice. Observe how easily this Company's actual liabilities could be retired out of its liquid assets. It is actually 177% liquid!

**MILLERS NATIONAL
INSURANCE COMPANY**

ESTABLISHED 1865

HOME OFFICE • CHICAGO

charts the lines go back a century.

By way of conclusion the bank emphasizes the importance of research in assuring New England's future. In fact, the monograph reminds that organized research has been defined as "Yankee ingenuity gone scientific", so the job ought to be relatively easy.

New England, well organized and unified on matters of common interest, is admirably adapted to such a survey. But it is possible that similar studies

could be made in other sections of the country. And why not by banks?

Farm Loan Specialist

"BANKS LARGE ENOUGH may well consider the employment of trained farm men," says Otis A. Thompson, president of the Norwich, New York, National Bank and Trust Company, and member of the Agricultural Commission, American Bankers Association.

Mr. Thompson practices what he

preaches. His bank recently added to its staff a graduate of the New York State College of Agriculture who is a specialist in farm management and dairying. He gives all his time to farm loans.

"We are firmly convinced," reports Mr. Thompson, "that agricultural loans running into substantial amounts cannot be made at the loaning officer's desk. That is a specialized field and it is necessary for banks to equip themselves with men who know farm problems and have a sound and sympathetic approach to them."

In cases where it is not feasible for one bank to hire a farm expert, Mr. Thompson suggests that groups of banks might jointly employ such a man.

Attention, Historians!

"THE TREASURY'S CENTURY and a Half", a picture-story in the September magazine, seems to have been read carefully. Last month we printed a letter from a Wisconsin sleuth (Cashier Robe Dow, Jr., of Stoughton) who discovered from one of the illustrations that the United States had borrowed \$20,000 on a Sunday 150 years ago.

And then Cashier James McKee of the First National Bank, Richfield Springs, New York, wrote:

On page 50 of the September issue of *BANKING*, above the picture of Robert Morris, is the sentence:

"Morris' accounts show that the dollar was originally divided into ninetieths."

This is very interesting. Can you give us any reference explaining the why and wherefore of the division into ninetieths?

(CONTINUED ON PAGE 12)

CONFERENCE CITY

The Houdon statue of Washington is in the capitol rotunda at Richmond, Va. The American Bankers Association regional conference will be held in Richmond, Dec. 7-8



BANKING



bargain in telephone service. It's good and it's cheap. Nowhere else do people get so much service and such good and courteous service at such low cost.

THRIFTY

According to Webster, *thrifty* means "... Evincing thrift... Characterized by economy and good management ... Serviceable; useful ..."



BELL TELEPHONE SYSTEM



Saved by a slide rule... from an avalanche of sugar

Carloads of sugar, tons of canned goods—the wholesale grocer's normal warehouse stock—would have been like a pendant avalanche above the heads of the girls on the floor below.

But the grocer, insuring with American Mutual, called in an American Mutual safety consultant before leasing the building. The engineer, an expert on strength of structures, carefully computed the loads and stresses, foresaw the collapse of columns and timbers . . . tumbling the heavy stocks of food onto the floor below.

The grocer was advised to abandon his plans, to lease a building more suited for the heavy loads.

Fortunate was this business man that he regularly called in American Mutual for

free consultation on safety problems of equipment and methods, management and employees.

But even where catastrophes are not imminent, American Mutual policyholders find it good business to get the advice of our engineers, qualified as experts in almost all branches of industry. With their well-grounded recommendations, accidents are prevented, uninsurable hazards controlled, operating efficiency improved, our policyholders' insurance costs frequently reduced a third or more.

Such savings frequently exceed the policyholder dividend of 20% or more regularly returned by American Mutual and affiliated compa-

nies. Our record of 612 consecutive dividend payments exceeds that of any other American liability insurance company.

A third profit opportunity comes from restoring the services of injured workers through specialized medical treatment. It is also described in a booklet, "How 12 Companies Made \$1,247,299.96." Write for your free copy to Dept. B-5, 142 Berkeley Street, Boston, Massachusetts.



get 3 profits with
American Mutual

AMERICAN MUTUAL LIABILITY INSURANCE COMPANY, Home Office: BOSTON, MASS. Branches in 59 of the Country's Principal Cities

Clients of your bank will see this advertisement in Business Week, Fortune, Nation's Business and Time

November 1939



MARCHANT

Silent Speed CALCULATORS

- For 29 years MARCHANT has created and built calculators ...nothing else!
- For 29 years MARCHANT ... inventive genius has introduced the many outstanding features that have so greatly advanced automatic calculating!
- For 29 years MARCHANT ... with its many unique and exclusive features...has repeatedly established new standards in silence...speed...and ease of calculator operation!
- For 29 years MARCHANT has been accepted as the business world's most efficient figuring device... always giving the greatest value and performance in calculator history!



MARCHANT CALCULATING MACHINE COMPANY
1475 Powell Street
Oakland, California D-11-569

Without obligation please send MARCHANT
DETAILED FEATURE ANALYSIS.

Firm _____

Individual _____

Address _____

City _____ State _____

MARCHANT CALCULATING MACHINE COMPANY
HOME OFFICE: OAKLAND, CALIFORNIA, U. S. A.
Sales Agencies and Manufacturer's Service Stations
in all Principal Cities

(CONTINUED FROM PAGE 10)

The answer wasn't so easy to get, but finally Nellie Tayloe Ross, Director of the Mint, provided it. She said:

The explanation given by John C. Fitzpatrick, at that time Assistant Chief of the Manuscript Division of the Library of Congress, in his annotations to George Washington's accounts of expenses, in the edition published in 1917 by Houghton, Mifflin, on page 141, is as follows:

"... 149 60/90 Dollars is reckoned in Pennsylvania currency, which had been the basis of value by Congress while sitting in Philadelphia. The Spanish milled dollar was equivalent to 7s.6d., or 90 pence, Pennsylvania currency, so that a Pennsylvania penny was considered one-ninetieth of a dollar."

About Credit Files

TO A CORRESPONDENT who asked for some material on the building and improvement of a credit file BANKING sent this bibliography:

"The Importance and Necessity of a Credit File on Every Borrowing Account"—Bulletin of the Kentucky Bankers Association, December 1936. Address by Deroy Scott.

"Better Credit Information With Time-and Space-Saving Folders" by W. C. Neary. Rand McNally Bankers Monthly, December 1935.

"No Overdue Note Is Neglected With This Simple Credit System" by Louis H. Lopes. The Bankers Service Bulletin, November 1931.

"A Complete Credit Record on One Card" by J. K. Novins. Rand McNally Bankers Monthly, September 1935.

"Credit Files for Smaller Banks" by E. S. Woolley. BANKING, January 1937.

Commercial Bank Management Booklet No. 7: "Credit Department Organization".

A Pioneer

MEXICO'S FIRST TRUST company, the Banco Fiduciario S.A. is doing business in its own five story building in Isabel la Catolica St. No. 13, Mexico City.

"Milestones of National Progress", supplement to a recent issue of the Mexican News Digest directed by John Vavasour Noel, tells the new institution's story. An American citizen, John R. O'Connor, is secretary-treasurer. The president is Rafael Alvarez y Alvarez, for many years "the guiding spirit" of Mexico's oldest bank, the Monte de Piedad.

There are two departments: trust and banking. Heading the former as trust officer is Cassio V. Luiselli, member of a well-known banking family of northern Italy who has had experience in France, Germany and the United States. He is responsible to the Mexican Banking Commission.

The Banco Fiduciario's deposits at

the end of July, after less than two months of operation, exceeded \$2,500,000, assets being about \$4,000,000.

A Victory Celebration

FIVE THOUSAND PEOPLE helped the First National Bank of Spring Valley, New York, mark the retirement of its preferred stock with a "victory celebration" a few weeks ago.

The bank was host at an open air concert on the high school recreation field. Percy Grainger played the piano and John Carter of radio and opera fame sang tenor solos. There was also



Left, John Carter; right, J. W. Sherwood, a director of the bank, who spoke at the celebration

music by a letter carriers' band, and a speech or two. Charles W. Hawkins, the bank's president, was master of ceremonies.

Said the Rockland County Leader:

During the course of the concert Mr. Hawkins indicated that, if liked well enough, there may be more concerts like it. We can only hope so. In fact, this department wishes more banks would retire their preferred stock and hold victory celebrations.

Gold and Silver

SPEAKING OF CELEBRATIONS, the Hamilton National Bank of Chattanooga, Tennessee, had one not long ago in honor of its 50th anniversary. There was an "open house" for some 10,000 people and a dinner for the bank's own family. T. R. Preston, president, spoke, his address being broadcast. The bank published an illustrated booklet "Progress Through Fifty Changing Years" to help observe its birthday. Preceding the celebration it ran a series of newspaper advertisements connecting the community's industrial progress with the growth of the institution.

Another Tennessee Bank, the Nashville Trust Company, is also in the

Class of 1889-1939. It marks its birthday year with a booklet "50 Years of Stewardship", tracing the bank's history over the half century. In honor of the anniversary the *Nashville Tennessean* published a special 12-page tabloid section telling in text and picture the bank's story.

The Bank of Avilla (Missouri) issues a booklet in honor of its 25th anniversary. Prepared by Cashier Ivy E. Russell, the pamphlet gives some interesting information about banks and banking.

The Togos' Thanksgivings

To Dear Editor BANKING book:

This are last chance for me to get in print with Happy Thanksgivings (sic!), which I do with suggest that it go under Methods and Ideas Department as it contain both.

I am reminded to do so because other day Monday while I have good read in BANKING (advt.) Hon. Wife say:

"This will be good Thanksgiving. We are un-in war and business are popping."

"Yes, yes," I nod, with put-down motion of Magazine. "But you say it wrong. It are plural this year—Thanksgivings."

"So?" from her, with question mark.

"So," from me, with simple period.

"That are why?" she pick up.

"Well," I oblige, "it are because it are." (Meanwhile, I think fast for reason.)

"Oh," say she. "Thanks for such good explain. Do that come with BANKING? (advt.)"

"Tut, tut," I ignore. "Hon. Newspaper say it are because Hon. Storemen think longer present-buying space should occur from Thanksgiving to Christmas. Hon. Roosevelt President agree and yank Yankee Day, which are Moveable Feast, out of Calendar and set it in earlier. (Hon. Santa Claus, who refuse to move, stay put.)"

"Then Big Fuss go up. Hon. Governors (New Deal) agree with Hon. Pres. and vote Nov. 23 for Thanks Give. Hon. Govs. (Old Deal and Republican) do not agree and let Holiday in *pace requiescat* which are like saying in *statu quo*."

"Hum, hum," insert Hon. Wife, adopting expression which mean puzzlement.

"Yes?" I encourage.

"Well," she resume, "do that mean we have Election Day two (2) times, (1) for Republicans and one (other) for Democrats? Do it mean we have July 4 editions to cover Americans, British,

GMAC

GENERAL MOTORS ACCEPTANCE CORPORATION

is engaged primarily in facilitating wholesale distribution and retail sales of the following products of General Motors Corporation and its world-wide affiliates: CADILLAC, LA SALLE, BUICK, OLDSMOBILE, PONTIAC, CHEVROLET automobiles; FRIGIDAIRE appliances for refrigeration and air conditioning; DELCO lighting, power and heating equipment; GMC trucks; BEDFORD, VAUX-HALL, OPEL, BLITZ—

foreign made automotive vehicles.

The business consists of investments in self-liquidating credits, widely diversified as to region and enterprise, capital employed being in excess of \$80,000,000.

In obtaining short term accommodation, GMAC issues one standard form of note. This obligation it offers to banks and institutions, in convenient maturities and denominations at current discount rates.

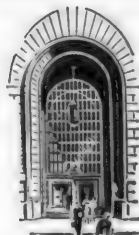
GENERAL
MOTORS
INSTALMENT
PLAN

These NOTES are available, in limited amounts, upon request.

EXECUTIVE OFFICE NEW YORK • BRANCHES IN PRINCIPAL CITIES

HEAD OFFICE, MONTREAL

ASSETS OVER \$900,000,000



TO AMERICAN BANKS

WITH INTERESTS IN CANADA

Complete correspondent service in all parts of Canada through more than 600 individual branches. Credit information and assistance in arranging trade connections available through our Business Development Department.

Enquiries invited.

THE ROYAL BANK OF CANADA

AN INTERNATIONAL BANK SERVING 29 DIFFERENT COUNTRIES

New York Agency, 68 William Street

COMMERCIAL INVESTMENT TRUST INCORPORATED



COMMERCIAL INVESTMENT TRUST Incorporated, with capital and surplus in excess of \$57,000,000, provides a nation-wide sales finance service through subsidiary companies with a network of branch offices throughout the United States. This service, which consists of purchasing self-liquidating accounts, extends to automobile dealers, household appliance dealers, and to manufacturers and dealers in many lines of industrial, commercial and professional equipment, including the heavy goods industries.

C. I. T. offers its standard notes for short term accommodation in varying amounts from \$1,000 to \$100,000, in maturities from 60 to 270 days and at current discount rates. These notes are payable at any of our 279 depositary banks located in principal cities throughout the country.

Latest published financial statement and list of depositary banks will be mailed upon request.

ADDRESS
Treasurer,
Commercial Investment
Trust Incorporated
1 Park Ave., New York, N. Y.

French, Hessians, Indians Not Taxed? Do it mean—?"

"Halt!" I interlope, with martial marital tone. "Keep neutral!"

"Excuse it, please," she indent, telephonically (advnt.) and sign off.

Then I take ball with "Yes, you were right with first statement, amended to plural number: They will be good Thanksgivings. I vote for No. 1 dinner at home (New Deal State) and for No. 2 dinner with cousins in Vermont."

So, Mr. Ed., we hurt feelings of neither Dem. nor Repub., and fix two good times for stomachs.

Yum, yum,
Togo, Jr.

P.S. If you are Nov. 23er and want to be Repeater, too, write to above signed for names of other Nov. 30 states (No advt.).

The Winnah!

LAST BUT not least—BANKING's picture naming contest. If you look at the bottom of this column you'll have the answer, but in case you want the suspense sustained, just stay with us while we say that 123 titles to the Helfant drawing were received and that the Editorial Committee, as had been anticipated, found the choice of a winner exceedingly difficult.

However, we had to finish what we'd started so bravely in the October number. Coming out of conference, we beg to announce that the \$5 check has gone to W. T. Dunn, 494 28th Avenue, San Francisco, whose prize-winning title is herewith unveiled:

"Please, Mister, where can I get him filled up again?"



NATIONAL UNION FIRE INSURANCE COMPANY

PITTSBURGH, PA.

THIRTY-EIGHT YEARS
OF
HONORABLE DEALING

FOR CAREFREE RELAXATION

Get away from routine for a week or a weekend. Enjoy the matchless facilities of the Hotel Ambassador to make your visit perfect. Riding, golf, swimming in the great salt water pool. Or lazy sun-swept hours on the sun deck or along the boardwalk. Dine on marvelous food. Both American and European plan rates.

ECONOMICAL AUTUMN
RATES

Special Rates for children

ALWAYS OPEN

The
Ambassador
IN ATLANTIC CITY

WILLIAM HAMILTON,
Managing Director

ALL POSTING DONE WITH NATIONALS

"All posting in our bank is done on National Posting Machines," writes Mr. Crandall Melvin, President of The Merchant's National Bank and Trust Company, Syracuse, New York.

"We were one of the first financial institutions in central New York to install your savings account machine. This machine gave us good service under hard usage for longer than we expected from any posting machine. We then exchanged it for your latest model and found the new and improved features quite advantageous.



"When our personal loan department was opened, we installed a National Posting and Control Machine for window posting ledgers and passbooks. Our purchase has been more than justified—because your unit has given us a complete control over personal loan payments, without adding bookkeeping costs.

"About two years ago we replaced other commercial bookkeeping equipment with two of your Class 3000 Machines. Recently increased activity warranted our adding a third unit.

"This letter cannot be concluded without expressing our appreciation of the service given us by your organization and we do not hesitate recommending your equipment to any bank or banker."

Our local representative will be glad to demonstrate to you National Machines for all types of banking work.



The National Cash Register Company

DAYTON, OHIO

Cash Registers • Bank-Bookkeeping Machines

Typewriting-Bookkeeping Machines

Posting Machines • Postage Meter Machines



Check-Writing and Signing Machines

Accounting Machine Desks

Analysis Machines • Correct Posture Chairs

"If peace efforts are unavailing....if this country becomes involved....if there is a 'free' bond market....if the business revival continues....if bank loans continue to increase....if....if....if...."

In the management of your bond account you cannot postpone decisions. You must attempt to interpret the effect of each such event on the bonds you hold, and you must act promptly and prudently to protect your investments against needless losses. To do this today as a spare time task is an impossible job for any one man working alone, or even with only occasional assistance.

In the present situation, we believe that Moody's Bank Supervisory Service offers the most practical assistance you can obtain: Continuous, *personal* supervision by a mature group of investment specialists working constantly to help protect your bonds against needless losses and to take advantage of opportunities in the present position, as these opportunities may appear.

Moody's does not claim to be infallible. But Moody's does believe that an experienced organization with adequate time, manpower and facilities at its disposal will be able to make fewer mistakes and achieve more efficient investment of funds than any one man working alone.

How much assistance our Supervisory Service can accomplish for your bank and what it will cost cannot be told until we have had opportunity to discuss your present position with you. This we will be glad to do, in the belief that out of a mutually frank discussion of your problem and the application of our services, a mutually agreeable conclusion may be forthcoming. Your inquiry will be held in confidence and will involve no obligation.

MOODY'S INVESTORS SERVICE

JOHN MOODY, *President*

65 Broadway, New York City

•

105 West Adams Street, Chicago



Banking's Big Opportunity

IN these days when the economic system is disturbed to an unusual degree by war and other forces, a bank's responsibility for giving complete and dependable service becomes greater than ever. In fact the growth and development of any business depends upon how well it anticipates and fulfills public need.

There is an old Latin proverb "*Tempora mutantur et nos mutamur in illis*," which, translated, means "*Times change and we change with them*." Certain it is that banking has changed in the last few decades in order to keep up with the changing times.

SMALL LOANS. A banker of 25 years ago could not have been convinced that the day would ever come when the large metropolitan banks would welcome small personal loans. Yet today they not only welcome them but advertise for them by printed word and by radio. They do this because they realize that consumer financing is a growing trend. There are many divisions to this consumer financing, of which modernization, automobile, insurance premium, appliance purchases and liquidation of debts are but a few. Consumer financing may, in the future, become the only form of financing. Perhaps this is visionary today, but is it any more visionary than any kind of consumer financing by commercial banks appeared 25 years ago?

COMMERCIAL LOANS. The amortized basis of repayments having proved itself with the smaller loans, perhaps some adaptation of the same principle might be applied to business loans. There has been a lot of talk about term loans for business, but there are a number of problems that need to be solved satisfactorily. How long should these terms be? What portion of the bank's assets should be invested therein?

SAVINGS. For a long time banks have been attempting to give their savings deposits the dual characteristics of investments and demand availability. Granting that immediate availability is a feature that is very attractive to savings depositors, nevertheless the experience of the past has shown that emphasis on it has proved detrimental to sound banking. A 30- to 60-day clause invoked only under pressure has been inadequate and unfair to banks and depositors alike. How can this problem be solved? Should it be on a basis of permitting a flat monthly withdrawal? Or on a monthly or weekly percentage of the deposit spread over a year or more? Or by a combination of both?

TRUSTS. How to bring the many advantages of corporate fiduciaries' services to the smaller income groups and at the same time provide an adequate compensation to the fiduciary is a big problem. Expenses must be kept at a minimum and competent personnel obtained. Trusts are a highly specialized type of service. Can this best be solved by local trust departments, or would it be better to have the local banks act merely as sales representatives of trust companies in the larger centers?

CHECKING ACCOUNTS. Until all the banks of the country use the same method for measuring the service and earnings of these accounts, the problem of the analysis of checking accounts cannot be said to have been solved.

NO-MINIMUM-BALANCE ACCOUNTS. The problem here is not how to get the business—the demand already exists. The problem is how to conduct such accounts profitably in small numbers at a price which the public is willing to pay, while still providing satisfactory checking facilities.

STANDARD FORMS. A uniformity in the sizes and styles of forms used by banks would mean a substantial savings in operating costs, not only in the prices paid but also in the handling of items.

UNIFORMITY OF ACCOUNTS. A uniform classification of accounts would enable the preparation of true average figures for comparative and statistical purposes. Unless like items are charged or credited to like accounts any averages can be only approximately correct.

REGIONAL CLEARINGHOUSES. The advantages of regional clearinghouses are many, yet less than half of the banks of the country have availed themselves of them.

SAFE DEPOSIT. There still remain over half of the safe deposit boxes unrented. At the present low rentals how can anyone with any valuable papers afford to be without one?

PUBLIC RELATIONS. Public clarification of banking principles has just begun. Only through public education can independent banking hope to survive.

These are but some of the problems that still have not been completely solved and which offer opportunities to the bankers of today. Much progress has been made in recent years, but banking cannot afford to be content.

The Economic Balance of Power

By GUSTAV CASSEL

In April 1938 Professor CASSEL discussed in BANKING the question of economic armament from the point of view of the supply of essential materials. The present article brings the discussion up to date. The author, whose home is in Sweden, is an internationally known economist and author.

IN the past two years, most countries have gone a long way toward making themselves independent as far as possible of foreign supplies, and to this end they have built up more and more self-supporting economies. Such autarchies have, however, as I suggested in April 1938 *BANKING*, proved to be very uneconomical and to require sacrifices of the people quite out of proportion to the advantages that may possibly be secured.

Germany now offers an outstanding example of the consequences of such a policy. She has used her admirable technical skill for a reconstruction of her national economy, by which she has attained a higher degree of independence. But the new processes of production have in most cases been less economical and the unavoidable result has been a lowering of the standard of national efficiency, which doubtless will prove to diminish the country's real power of resistance. In addition, the building of new factories, together with their equipment with machinery, etc., has required amounts of capital out of proportion to the resources of the national capital market, again with the result of a weakening of the country's economic strength.

Even in England the endeavors to make the country more independent of foreign supplies have doubtless led to such a direction of the country's productive capacity as is hardly compatible with the highest degree of efficiency and economy. The great extension of the policy of subsidizing certain branches of production and trade is a proof of this distortion of the national economy.

STORING COMMODITIES

A SECOND means of protecting a country's economy in case of emergency, viz., the storing of essential commodities, has been widely used in most countries. National independence has in this way no doubt been increased during the last year. But of course there are limits to such a policy of storing. There are technical difficulties of several kinds, and, although great efforts have been made to overcome such difficulties, serious shortages remain which hardly can be helped in this way. In most cases an adequate supply of food cannot be secured by storing. More stress has therefore been laid on the accumulation of fertilizers and fodder. By these means some countries have secured themselves against a threatening falling off of harvests and of the supply of milk and meat.

The accumulation of essential materials, however, has on the whole been far from sufficient. Most countries have found difficulties in procuring the financial means for the extraordinary imports required. In some cases these difficulties have been real. Germany, for instance, has been hampered by the insufficiency of her means of international payments. Other countries again have doubtless had the financial resources, but have been deterred from using them by the fear of a loss

of gold or by their desire to acquire evergrowing reserves of gold. In my last article, already referred to, I discussed the value of such reserves, and I came to the conclusion that reserves of essential materials in case of war would very much have to be preferred.

In the case of Sweden I have advocated an exchange of unnecessarily large reserves of gold for storable commodities. To a certain extent this line has been followed up, and considerable supplies of foreign materials have been accumulated. At the same time, however, gold has poured into the country, and the present gold reserve of the Riksbank is very much greater than it was when the policy of storing was started.

For the United States, with her unparalleled natural resources and her wide possibilities of securing necessary supplies from abroad, the problem of storing is of less importance. Still it would doubtless have been very much better to import large quantities of desirable materials, and even to accumulate large stocks of them, than to import quite useless quantities of gold—not to speak of silver.

WORKING CAPACITY

ECONOMIC power is, however, not only dependent on the supply of materials but also on the supply of labor and the possibility of increasing such supply. In this respect the present position of the several countries is very unequal. Some countries have stretched the working capacity of their people to the utmost. This is the case with Germany.

England has hitherto had vast resources of unused labor. During the present year, however, these resources have more and more been drawn into active production. But there is still a large amount of unemployment.

Under her present government, France has demonstrated in an almost dramatic way to what striking degree the economic strength of a country may be increased by a more complete use of the working capacity of its laborers.

Every country involved in war will pay part of the costs by printing more bank notes or by using credits of its central bank. There is always a risk that such a procedure will lead to inflation. This effect may be avoided or delayed as long as it is possible to increase production by greater efforts and by using to the fullest extent all available resources.

In order to finance war expenses a government may increase taxes and thus reduce consumption; it may also by aid of loans get hold of nearly all the current savings of the nation. In addition, sinking fund payments may be used. Even the real capital of the country may be consumed by postponing normal repairs. For some countries there is a wide space for such forms of war finance; for others the recourse to such means is much more restricted. England possesses a large amount of foreign securities, and the regular annuities on these securities run up to a considerable sum, which also may be used for financing the war. In addition, it is possible to sell a large quantity of such securities. England will therefore for a long time be able to pay for her imports of materials and food and of war equipment. The same applies to a certain extent to France.

A Bank's Modern Tools

BY E. S. WOOLLEY

Today is a time of unparalleled progress toward the goal of high efficiency in bank service. The part that producers of bank equipment and services have played in this modern drama is well enough known, of course, but not always easily recognized. BANKING felt that the success of the educational displays of services and equipment at recent Association meetings makes it appropriate to report more fully on the work of producing companies and extend the usefulness of their management ideas. Consequently, E. S. Woolley, the bank analyst, was asked to look into the matter and tell BANKING's readers what he finds out. The first of his reports, given here, is based on information obtained from the International Business Machines Corporation.

IN the last quarter of a century there have been more changes in banking and bank operations in the United States than in all the years preceding that period. In 1914 there were 26,765 banks with total deposits of \$21,359,842,000. As of this year, the number of banks has decreased to 15,265, but the deposits have increased to \$61,907,761,000.

In 1914 the largest bank in the United States had less than \$250,000,000 of deposits. Today the largest bank has over \$3,000,000,000, or nearly ten and a quarter times as great a deposit liability.

The activities of banks has likewise increased tremendously. The only figures susceptible of proof that are available, however, to indicate this increase are the checks handled through the Federal Reserve Banks. (A table showing the checks handled by them during the last 20 years is shown below.) In the year 1919 there were 25,561 banks on the par list, including the 9,066 members of the Federal Reserve System. During that year the Federal Reserve banks handled 342,000,000 checks, which is an average of 37,000 checks per member bank.

In 1938 the total of banks on the par list had declined over one half to 11,973, and member banks had declined almost a third, to 6,338. Yet the Federal Reserve banks handled 1,098,000,000 checks during that year. This is an average of 173,000 per member bank, or an increase of almost five times in the number of checks handled for each bank.

These figures do not cover the checks handled through local clearing houses or those cleared direct, or the ones presented by payees to the paying banks. A conservative estimate of these would be that they would total four times the number of those cleared through the Federal Reserve System. This means that the banks of the country are today handling upwards of 5,000,000,000 checks per year. This is an average of 320,000 checks per bank per year.

THIS increase of activity called for new methods of handling because the old method was proving too expensive and inefficient. The problem was to consolidate all the work of sorting, listing and proving checks into one operation. The research department stepped into the breach in

1928. By 1933 it had succeeded in solving the problem, and produced a machine which not only saves time and labor but is more accurate.

Its method is simple. Checks are machine-sorted into 24 individual sorting receptacles, arranged around the circumference of a rotating drum. At the same time that a check is sorted to its proper receptacle for its classification, the amount is listed on the tape of one of the 24 individual adding machines. These machines are compactly arranged at the back of the unit. The amount is also listed on the control tape of a master adding machine which lists and adds the amounts of the checks in the same sequence as shown on the deposit tickets. This master adding machine tape also designates a symbol beside each amount to identify the classification receptacle or the bank on which the item is drawn.

Thus in these three simple, synchronized operations, the checks are being sorted according to their classifications; the individual adding machines have supplied lists for the clearing house and cash letters, and each deposit ticket has been proved and the proof shown on the control tape.

The control adding machine is operated by means of a key board consisting of only ten keys, but the checks are listed simultaneously on any of the 24 individual adding machine tapes. These adding machine tapes can be single or with a carbon copy.

The use of this machine eliminates entirely the old "racks" and the time consumed by hand sorting and, therefore, very considerably reduces the missorts. Even when missorts do occur they are easier to locate. The elimination of this rack space needed under the old block system proves an additional advantage by providing economy of floor space.

OTHER REFINEMENTS

A COUNTER indicates the total number of checks on each deposit ticket and a separate counter shows the grand total of all checks sorted and listed. In order to reduce errors the adding machine classifications and amounts are visible on special indicators before the release bar is pressed. If desired, descriptive information for reference purposes may be added on the control sheet. An attachment is also available which will permit the printing of department totals on this control tape for analysis and control purposes.

The machine has recently been provided with a new attachment that will permit the endorsing of the checks at the same time that they are being listed, sorted and proved. In addition to this feature, the mechanism permits an endorsement stamp to be placed on checks as they are received from clearing houses. This will speed up the work of the items going to the bookkeeping department by obviating the necessity for examining such checks for "bank stamp". It is expected that this attachment will be on the market by the time this magazine goes to press.

This particular machine represents only one of the many ways in which the manufacturers of office machines have

enabled banks to do faster and more accurate work than would be possible without them. To meet these changing needs calls for constant research and development. For example, the International Business Machines Corporation maintains an engineering and research laboratory with a staff of 300 inventors, engineers and technicians who are constantly at work endeavoring to develop new products to meet new requirements. When a new machine is marketed, it represents a long period of intensive research and development work of testing and proving.

As a result of this constant research, not only have new machines been developed but totally new fields have been entered. There is a popular idea that the development of labor saving machines has been the cause, and is the cause, of unemployment. Many proposals have been made in all seriousness to stop the production of labor saving devices. As a matter of fact, this theory is not borne out by actual facts.

In 1860, when there were practically no office machines in existence, office workers were numbered 4,000 to every 1,000,000 of population. With the advancement of the use of machines in offices this proportion of office workers to total population gradually increased until today they number over 50,000 to every 1,000,000 of population.

The reason for this is that with the demand for better information and control there came not only a demand for better machines but also for people who were competent to run those machines and gather the information and analyze it.

WAGE AND HOUR RECORDS

WITH the advent of Federal wage and hour legislation, the necessity has arisen for keeping an accurate record of the time of all clerical workers. These records can best be maintained by the use of mechanical time recorders. They provide an accuracy of record with a minimum of clerical effort.

One type of recorder makes use of a time card per employee per weekly, semi-monthly or monthly pay-roll period. Another records the time of 50, 100 or 150 employees on one sheet for the period. Still another type, used mainly in smaller institutions, requires the employee to sign his name on a paper tape which remains in the machine, the time being printed alongside his name when he depresses the key button at the time of signing.

Practically every bank has a large clock in the lobby or in the front of the building, and many have them scattered in different parts of the bank. Through the use of a central control system all these clocks can be kept in agreement with the one recording the arrival and departure of employees.

The use of the punch card principle of accounting is a recent innovation in banks, but it has been used for many years in the industrial and insurance fields.

Within the last few years, however, many new developments in this method of machine accounting have taken place. With each new feature the scope of activity has been widened until now it is being used to some degree in every department of modern banking.

There are over 20 applications and specific services for which all necessary ledgers, journals, statements and schedules are automatically produced through punch cards. These run all the way from personal trust records to bond and coupon cremations.

The great number of reports to be made and records to be kept by trust departments makes the economical operation of clerical routine essential to the profitable conduct of such departments.

In the use of pen and ink records, it is often necessary to

post one transaction many times. Through the punched card method only four files of punch cards are maintained. These are for principal cash, assets, income cash and holders. From these cards all necessary postings are made automatically to the different records and reports.

From them also any statistical information such as geographical and industrial distributions of securities by total or by individual trusts can easily be procured.

Transactions are punched to each card daily from transaction tickets, and a control is maintained over such tickets so that the work of the tabulating, as the card punching division is known, can be procured. From this point on, the record keeping is automatically done by the machines.

The same principle of punch card methods is today being used in the real estate management and mortgage departments, for instalment loans and expense distributions, and many other accounting and statistical needs.

The rapid growth of no-minimum-balance checking accounts offers another field in which accuracy of records must be combined with a minimum of expense. In the larger banks with many thousands of accounts, the punch card method is undoubtedly practical. The problem of the most economical handling of such accounts in the small institutions where the accounts number hundreds instead of thousands, however, appears to be awaiting solution. Perhaps some adaptation of the punch card system may solve it.

The punch card method of accounting is extremely helpful in those cases where many kinds of statistics are required from the same basic information. For instance, the investment holdings may be wanted by kind, by quality, by maturity, by interest rate or other classifications. In this field the punch card system is most satisfactory.

Where multiple copies are required of any forms or statements, the electric writing and form writing machines have been rendering invaluable service.

Throughout all the various departmental activities among banks machines are at work helping them produce their records accurately, speedily and economically. This enables more time to be devoted to the expansion of banking services.

CHECKS CLEARED THROUGH FEDERAL RESERVE BANKS FOR 20 YEARS ENDED DECEMBER 31, 1938

Year	Total Member and Par List Banks	Total Member Banks in Federal Reserve System	Checks Cleared through Federal Reserve Banks (millions)	Average Per Member Bank (thousands)
1919	25,561	9,066	342	37
1920	28,765	9,629	504	52
1921	27,943	9,841	575	58
1922	27,738	9,916	639	64
1923	26,621	9,774	698	71
1924	25,127	9,587	743	77
1925	24,132	9,489	779	81
1926	23,271	9,260	823	88
1927	22,281	9,034	862	95
1928	21,580	8,837	888	100
1929	20,567	8,522	924	108
1930	19,008	8,052	905	112
1931	16,427	7,246	865	119
1932	14,930	6,816	735	108
1933	13,677	6,011	689	112
1934	12,915	6,442	819	127
1935	12,653	6,387	885	138
1936	12,395	6,376	1,009	158
1937	12,125	6,341	1,045	165
1938	11,973	6,338	1,098	173

Thirty-Niners

By O. A. FITZGERALD

Mr. FITZGERALD is university editor, University of Idaho, Moscow, Idaho. Pictures illustrating this article appear on page 37.

ALTHOUGH gold today is very much an imprisoned metal, it is coming from the mines of the world in the greatest volume in history. Seven years have seen as many new all-time highs in production and the end is not yet in sight.

Mention the words "gold rush" and most people think of the days of '49, the Yukon, or one of the many other world-famous gold stampedes, which not only produced an abundance of the metal but drama and romance which historians and fiction writers still are mining profitably.

Despite all the aura of romance around those gold excitements and all the tales of their fabulous richness, this generation is staging a gold production spree which would have made the sourdough turn green with envy. He may have gotten, as many did, \$500 to \$1000 from a single panful of rich gravel, counted his day's take in thousands of dollars, and had every baking powder and coffee can around the cabin filled with dust and nuggets, but no sourdough ever got his gold the way the huge machines of this age are getting it.

TODAY'S FANTASTIC PRODUCTION

GOLD production has reached a yearly volume which ten years ago would have been considered not only impossible but utterly fantastic. At 37,000,000 ounces, the flow of gold from the mines in 1938 exceeded that of the year before by about 2,000,000 ounces. This production was about double the 19,000,000 ounces mined in 1929.

Production for the United States, including the Alaskan and Philippine fields, was about 5,000,000 ounces for 1938, compared with 4,700,000 ounces the year before and 2,200,000 ounces in 1929. At \$35 an ounce this new gold brought the producers nearly \$3,000,000,000 in 1938. The United States has acquired more than \$7,000,000,000 in new gold since 1934.

Production in the United States and Canada is more than double what it was ten years ago. In some countries the output is three times greater. Russia in particular has startled the world with her tremendous increase in gold output.

With an average production of more than a million ounces a month the great Rand district in South Africa leads all others.

Leading the parade of states is California, with a production of 1,294,000 ounces for 1938. California has consistently topped in domestic gold yield. South Dakota ranked next with 594,000 ounces. Arizona, Colorado, and Nevada fell in the 300,000-ounce group. Three other states, Idaho, Montana, and Utah, contributed over 100,000 ounces each. Ahead of all the states but California were the Philippines, one of the fastest-growing gold producers, with 717,000 ounces, and Alaska with 667,000 ounces.

Mechanical efficiency, big machines, airplanes, new

knowledge of how to meet difficult recovery problems, along with the advanced price for gold, have been responsible for the rising tide of gold production. Dredges, drag-lines and big power shovels handling enormous tonnages of low-yielding gravel every day lead the present gold drive. This efficient equipment makes it possible to operate profitably in gold districts which already have been worked three or four times.

BIOGRAPHY OF A GOLD FIELD

THE story of most gold camps is practically identical. First came the sourdoughs, who skimmed off the cream. Next came the Chinamen, who patiently reworked the tailings. Other operators followed and went over much of the ground again. Each time, however, much gold was lost because of the inefficient recovery methods. Besides reworking for the fourth or fifth time these already mined areas, the modern miners find it possible to handle gravel which has such a low yield that it was beyond the reach of the small operator and was shunned during the early days because it didn't contain the richness the sourdough demanded. Airplane transportation has opened gold areas in the back country. Flying gold miners have been the principal factor in Canada's rapid advance as a gold producer. In Idaho and other western states plane service has made it possible to operate all-year gold properties which previously shut down when snows blocked the roads over the mountains.

In California one monster dredge digs down 112 feet. Another capable of reaching down 150 feet is being developed. Dredge experts say that a machine with a 200-foot reach is possible and will come. Twenty-five of the leading western gold producers rely mainly on dredges, some of which cost half a million dollars or more.

DEPRESSION-BORN ADVENTURE

IN the depression the idea of "going mining" spread like an epidemic. Manufacturers of gold pans found their business booming. Hardware stores in the gold areas had a difficult time keeping stocks of pans and picks and shovels. Simple one-man gold outfits sold by the thousands. At the beginning of the activity the Idaho School of Mines, tired of writing individual letters to would-be gold hunters, issued a bulletin on gold hunting for the amateur. The first run went like a snowball in the Summer sun. Edition after edition went the same way. Today the bulletin has gone through 12 editions and it still is in big demand. This gives an idea of the force of that depression-inspired gold boom. In some states mine bureaus held prospectors' schools to instruct the novices in the rudiments of gold seeking.

All of this heavy production of gold and the prospect of even higher records in years to come may be somewhat of a nightmare to the monetary authorities but it certainly proves two things: (1) There still is so much gold in the world yet to be mined that one need never worry about a shortage; and (2) wherever there is gold, science and better equipment will find a way to start it on its way to our enormous underground gold storage vaults.

Property Insurance Outline

This is the second in a series of articles on insurance for banks. Number 1 in the series, which appeared in the October issue of *BANKING*, discussed the advisability of centralizing insurance control in one department of the bank or in one individual.

The present article deals with insurance problems that face bankers who manage real estate owned, foreclosed or held in a

fiduciary capacity. Reference is made also to the interest of bankers in their borrowers' insurance programs.

The authors of the material are HAROLD G. EBERLE, manager of the insurance department, Hartford-Connecticut Trust Co., Hartford, Conn., and HORACE W. ERVIN, account executive, Albert Frank-Guenther Law, Inc., New York advertising agency. MR. ERVIN specializes in insurance company accounts.

PROTECTION *itself* is not the problem. It is what kind, how much and which forms to buy first. So thinks the banker, whose task is increasingly that of managing real estate—properties owned, properties foreclosed, properties in trust. If today he is more than heretofore alert to the great restorative value of insurance, he may also, perhaps to a similar degree, be stumped by the multitude of coverages written by companies to meet every exposure to risk—bulwarks, as it were, against the onslaught of a thousand hazards.

True, insurance is needed. But in some instances every existing coverage cannot and should not be purchased. At the same time a broad policy of protection can and *should* be maintained. Often, therefore, it is necessary to pick and choose from a bumper crop of coverages—to winnow the vital from the varied. Some system must be devised and put into effect whereby units of protection can be classified and stacked in piles according to the job they do in checking loss.

In trying to gauge the relative importance of various coverages, the sure and sound way is to perform painstaking

examination of three factors: (1) insurable hazards related to property, and conditions that determine their nature and extent; (2) leases, to ascertain contractual and assumed liability of the bank, and (3) insurance contracts in force and others available. Some amount of research or experience in this fashion will lead to the conclusion that coverages do, after all, come in classes or groups, based upon how frequent or how severe are the losses they cover. After that it is easy to decide that instead of mentally drawing lots to see which coverage should be placed, a better and safer method is to consider in which class or group the coverage fits, then apply it as need dictates.

Division of insurance into groups may serve to clarify. There are, let us assume, three defense lines of protection. The first line is made up of the *indispensables* of protection, providing complete coverage against catastrophic losses. The second comprises the *advisables*, covering losses not catastrophic in nature, but serious because of frequency. The third includes the *optionals*, protecting against losses that may be considered rare or negligible.

So much for the defense strategy. The components of each

PROPERTY INSURANCE FOR BANKS

(NOTE: As this article deals with *property insurance* from the banker's viewpoint, reference has not been made in the listing below to many forms required for interior bank management, such as: employee dishonesty, forgery, burglary and robbery, safe deposit, etc. These will be discussed in a later article.)

The Coverage	What It Does	Remarks about It
I—INDISPENSABLE COVERAGES		
<i>(Protection against catastrophic losses)</i>		
1. FIRE FORMS		
(1) Fire	Covers loss caused by fire or lightning to real or personal property	Also for borrowers
(2) Windstorm (Tornado)	Covers direct loss by windstorm, cyclone, tornado	Also for borrowers
(3) Supplemental endorsements	Such as extended coverage endorsement, covering loss or damage to property by explosion, hail, motor vehicles, riot, windstorm and smoke	For bank and borrowers (attachable to fire policy)
2. LIABILITY FORMS		
(1) Owner's, Landlord's and Tenant's	Covers liability for injury or death to persons (except employees) in connection with the existence, maintenance or use of buildings	Often loosely referred to as "Public Liability"
(2) Elevator	The same, for elevators	On properties having elevators

**By HAROLD G. EBERLE
and HORACE W. ERVIN**

defensive line may of course be subject to wide variation, depending upon individual need. But some attempt at citing examples will more clearly illustrate the triple-line defense pattern that may be adopted by a bank. The examples that are shown in the table are intended as neither arbitrary, inflexible nor complete—simply illustrative.

Of particular advantage to banks that manage a large number of properties are the master policies provided by some of the insurance companies, and written to include many of the *indispensable* coverages and some of the *advisables*. These broad forms give coverage on fiduciary properties that is automatic, that is, effective the date property is acquired by the bank, if its fiduciary rôle has been previously agreed upon.

The value of automatic coverage would be well illustrated in this case. Assume that you are a trust officer of a bank that has been appointed executor of an estate having a certain amount of physical property. Appointment was made ten days ago. But only today, say, an inventory of the estate is placed in your hands. And only today can you *begin* an accurate check-up of insurance. What unknown, unprotected loss may have occurred in the intervening ten days?

On numerous occasions the courts have held a bank liable for loss even on an item included in the inventory from the date of original appointment. But fortunately, with a master policy, loss in this case is covered.

Assume, in another instance, that you're a real estate officer. Your bank forecloses as mortgagee on a piece of property. New equity comes to the bank, requiring greater limits of protection in the bank's name than were needed to cover merely *mortgagee* interest in the property. Now, if insurable value of the property is greatly in excess of mortgage value, you would want to be sure of *full* protection from date of acquisition. A master fire policy correctly written with this contingency in mind automatically provides the extra coverage desired on incoming residential and mercantile properties.

Casualtywise, master policies offer the possibility of savings that are impossible with a flock of separate coverages. Public liability master policies lump numerous properties together in such a manner that premiums paid can be compared readily with losses sustained; and if good experience has been the rule, the assured may often benefit from "experience" or "equity" discounts upon proper application by insurance companies to rating bureaus.* Steam boiler master policies combine the desirable automatic protection feature with possible savings through elimination of certain expenses that apply to individual policies.

Bankers today are making more thorough efforts to pro-

* An example of saving through "equity-on-experience" discounts was given in the first article in this series which appeared in the October issue of *BANKING*.

<i>The Coverage</i>	<i>What It Does</i>	<i>Remarks about It</i>
(3) Workmen's Compensation	Covers employer's obligations imposed by workmen's compensation laws of the states where operations are conducted	In connection with employees
—or—		
(4) Employer's Liability	Covers employer's legal liability only due to injury or death to employees in manufacturing or contracting operations	Also for certain borrowers
(3) Steam Boiler Liability		See Steam Boiler Explosion Insurance below
3. OTHER CASUALTY FORMS		
(1) Steam Boiler Explosion Insurance	Covers damage and liability due to injury or death resulting from explosion of boilers and vessels	

II—ADVISABLE COVERAGES

(Covering losses not necessarily catastrophic, but serious because of frequency)

1. FIRE FORMS

(1) Demolition Clause (fire policy)	Covers loss or damage in demolishing that portion of building not damaged by fire (when demolition is required by law or ordinance)	Where zoning regulations enter the picture
(2) Improvements and Betterments	Covers loss on improvements and betterments put in by tenant, if destroyed by fire	Also for borrowers
(3) Use and Occupancy	Covers loss of income from interruption of business as the result of fire, windstorm and other hazards stipulated	For borrowers
(4) Rental Income	Covers loss of income when rental property is made untenable by occurrence of hazard	For bank or borrower, as landlord
(5) Rental Value	Covers loss represented by payment of rent in other quarters while property owned and occupied remains untenable as the result of hazard	For owner-occupant, bank or borrower

test commercial loans by examining borrowers' insurance on assets that secure the loan, and by offering constructive suggestions on needed forms. Quick review of an insurance program gives keener insight into the borrower's financial stability and, unquestionably, permits a more intimate glimpse at his soundness of management.

One such examination of a concern that marketed food products revealed that the applicant was well protected with fire insurance to cover direct loss, and with use and occupancy insurance to reimburse loss of earnings following fire. But overlooked was a coverage that for this type of enterprise is vital—products liability insurance. This was needed to cover liability for injury or death following use by the consumer of the merchandised products. Obviously, judgment rendered against the food concern for this hazard might easily be enough to cause business stoppage.

Insurance carried by a borrower not only averts unforeseeable losses that may turn success into failure, but, because of its inherent power to forestall financial failure from certain causes, has assumed front rank importance in credit rating.

Interesting statistics have been used by certain insurance companies to illustrate the need for coverage. They are based upon a study of the credit history of 100 merchants and manufacturers who had a fire. These startling results were shown: of the 100, 43 could not continue in business, because of lack of proper fire and use and occupancy insurance. Fourteen suffered a reduction in credit rating, ranging from 30 per cent to 66½ per cent lower. Seventeen who furnished financial statements before the fire, were unable to do so after it.

Admittedly, the banker is not always in a position to insist that his borrower have a thorough insurance analysis made, but with his own specialized information on the subject he can, when advisable, complete needed credit data by reviewing with the borrower, and with a competent local agent, insurable hazards and coverages on them.

For complete and effective analysis, broad familiarity with fire, casualty and marine coverages is a requisite, and is best obtained by centralizing insurance control in one department or in one officer of the bank. Extremely helpful, too, is a knowledge of business life insurance, for in many instances, if it were not for the valuable coverages provided in these forms, small firms would fail completely.

<i>The Coverage</i>	<i>What It Does</i>	<i>Remarks about It</i>
2. LIABILITY FORMS		
(1) Owner's Contingent	On buildings in construction, covers owner's liability for injury or damage to persons (except employees of insured) as the result of contractor's or sub-contractor's negligence	Liabilities to which bank or borrower is exposed
(2) Railroad Sidetrack	Covers liability for injury or damage assumed contractually, when railroad imposes the "hold harmless" clause in connection with sidetrack	When borrower has railroad sidetrack
3. OTHER CASUALTY FORMS		
(1) Plate Glass	Covers loss by accidental breakage or damage to insured glass; also covers lettering and ornamentation if arranged	Guaranteed replacement service
(2) Sprinkler Leakage Insurance	Covers loss or damage to buildings or contents following leakage of sprinkler installation. (Liability coverage also available)	Also for borrowers
(3) Electrical Machinery	Covers loss from accidents to electrical equipment and liability for loss to neighboring property	For borrowers; also for some banks
III—OPTIONAL COVERAGES		
<i>(Covering losses that may be considered rare or negligible)</i>		
1. FIRE FORMS		
(1) Earthquake	Covers direct loss by earthquake (including damage to property caused by its removal from endangered premises)	Also for borrowers
(2) Hail—Crop Damage	Covers loss due to damage done to growing crops by hail. (Coverage also available for Hail—Property Damage)	For banks operating farm properties
(3) Smoke Damage	Covers loss or damage caused by faulty operation of stationary heating apparatus	For bank or borrower, as landlord
(4) Errors and Omissions	Covers loss when, through errors or omissions, insurance on mortgaged property is invalid, insufficient or non-existent	For bank as mortgagee
(5) Leasehold	Covers loss through termination of lease as the result of hazard	For borrowers
(6) Profits and Commissions	Protects profits expected from sale of finished manufactured goods destroyed, while stored and awaiting delivery, by hazard	For certain borrowers
2. CASUALTY FORMS		
(1) Water Damage	Covers loss through accidental discharge of water or steam from plumbing systems, plumbing tanks, heat systems, elevator apparatus, stand pipes, roofs or leaders, rain or snow (excluding flood)	For bank or borrowers

Economics on the Campus

Dr. ADAMS is dean of the College of Business Administration, University of Oklahoma. He is the author of several books and is internationally known as an authority on business cycles.

Dr. HAROLD is associate professor of finance in the University of Oklahoma. He is the author of books and numerous articles on financial subjects.

MANY times during the past several years we have heard that the colleges are the modern seats of communism. It is not unnatural, therefore, that bankers have raised the question: "What are our young people learning about American capitalism?"

The question is closely related to what we mean by "economics". Economics is sometimes defined as the science of wealth, or as the science that analyzes man's efforts to satisfy his wants by employing the scarce means provided by nature.

Economics is taught in every major college in the United States and in most of the minor ones. It is in the extent of such teaching that the colleges differ. Roughly one-third of all college students in the United States take at least an elementary course in economics. In the smaller institutions one or two elementary courses are usually considered sufficient. In the larger institutions and in a few of the smaller ones a multitude of courses is offered.

Almost 20 per cent of the students in our universities are enrolled in schools or departments of business. The object of these schools is to prepare young men and women for business careers in many lines of enterprise. There are more than 400 of these schools or departments in the United States. The most detailed set of courses, however, is to be found in those colleges which are members of the American Association of Collegiate Schools of Business, of which there are 53.

A TYPICAL LIST OF DEPARTMENTS

WHAT type of training is offered in these institutions? Here again there is some variation. However, we may scan the offerings by looking at a typical institution. In the University of Oklahoma's College of Business Administration, we find the following departments, each offering a number of highly specialized courses: accounting, business communication, business law, business management, economics, finance, marketing, secretarial science.

No student may major in the departments of business communication, business law or secretarial science, since none of these is considered a major field.

In some institutions fewer courses are offered, while in some, more courses are available. But in all institutions the student is required to take a liberal allotment of cultural courses, such as history, government, English, mathematics, physics, chemistry and other sciences, and, in some cases, foreign languages.

All of the business administration courses deal with some phase of capitalism. Some deal with banking. Some are concerned with technique, some with motivation, some with interpretation, and all with inquiry. It is inquiry that sharpens the student's mental processes.

The course in economic systems is sometimes subjected to fire. This course contrasts all popularly advocated economic systems (such as socialism, communism, anarchism,

syndicalism, and fascism) with American capitalism. The students in this course, however, come out with a better understanding of the philosophies and principles underlying and involved in each of these proffered substitutes for American capitalism. Have they become communists, fascists, or something else? Not that we know of, and we should know, for one of us taught the course.

In teaching the course in the history of economic thought it is necessary to analyze the development of radical as well as conservative economic dogmas if a balanced course is to be given. It would be just as reasonable to omit some of the books of the Bible in teaching the Bible as to omit socialistic thought in teaching the history of economic doctrines. There is no basis for assuming that touching upon the development of radical doctrines would undermine capitalism in the minds of advanced students of economics. If capitalism were so easily shaken it would have been overthrown a century ago.

THOUGHT CENSORSHIP WON'T WORK

SOME people go so far as to think it is unpatriotic and even treasonous to mention the word "communism" to young people. We cannot subscribe to such a point of view. We recognize that the minds of young men and women are inquisitive. We know that it is useless and most unintelligent to place a ban on information concerning matters they hear about from day to day. If it is not part of the function of a department of economics to place information on alternatives before the advanced student, we fail to understand the process of education. Indeed, we go so far as to say that the most effective way to display the advantages of capitalism to intelligent people is to place at their disposal all the information there is available on capitalism's alternatives.

Naturally, the teachers of these and of all other courses have somewhat different points of view, as do business men and bankers. No two men can teach the same course in the same way. Some are more socially minded than others, some are more technical, some are considered "liberals", some "conservatives".

According to a few people, there are many radical college professors who teach that our capitalistic system of private enterprise and private profits has entirely broken down, and must be replaced by some other kind of economic system. It is probable, however, that the professors of economics, political science, and business subjects in our colleges, as a group, are more balanced in their ideas and expressions than are groups of bankers or business men. The professors, it is true, do not agree among themselves entirely as to the strength and weakness of our industrial system, as to national economic and political problems, or as to the methods which should be adopted to solve these problems. It is probable, however, that they disagree among themselves in reference to these problems less than do groups of bankers or business men.

The professors of economics in our colleges might be divided into three general classes or groups in reference to what they teach about our economic system and the problems arising from its operation. The first group will constitute, we believe, a majority of the professors of economics. They have a very high regard for capitalism as contrasted

By **ARTHUR B. ADAMS**
and **GILBERT HAROLD**

with socialistic systems. They consider many of the present-day economic problems arising from the operation of our industrial system to be of a very serious nature. They believe, however, that most, if not all, of these problems can be solved without changing any of the fundamental principles of our capitalistic system. In this group, you will find much disagreement as to what policies to adopt. Probably most of the professors in this group would advocate the use, to some degree, of government regulation rather than self-regulation as a means of solution of the major national economic problems. They would concede immediately the desirability of self-regulation, but most of them would doubt its practicability.

This is not to say, however, that they believe in "economic planning". Informed professors know that the supporters of real economic planning in a capitalistic society are misguided in assuming that freedom of individual action can be co-existent with a realization of the economic goals of true planning. Socialists make the same mistake when they come out for social ownership and economic planning without depriving the individual of his freedom of choice. Both the socialists and the economic planners propose inconsistent and impossible objectives. Practically all economics professors know this.

Moreover, professors frown severely upon anything which places obstacles in the way of honest effort to get ahead in the world; and they regard with abhorrence that which promotes class consciousness.

In addition, by far the majority of economics professors are not impressed with the possibilities of the consumer cooperative movement. They know that the cooperative idea contains some very serious basic deficiencies and that the supporters of cooperativism have envisioned an objective which, even assuming it were possible of attainment (which it is not), embraces weaknesses far too great to consider it as a sound alternative to capitalism.

EXTREMISTS AT BOTH ENDS

THE other two groups consist of the extreme conservatives and the extreme radicals. The extreme conservative group is, we believe, much larger than the extreme radical group. Those of the extreme conservative group believe that our capitalistic system, if allowed to function without any government interference, would operate perfectly and provide a maximum amount of public benefit or welfare. They believe that our economic relationships are determined by definite economic laws which should not be interfered with by government regulation. They claim that natural economic forces will eventually bring about a solution of all economic problems. They think, therefore, that the national problems of the day will be solved by the passage of time, if the government will only let natural economic forces take care of these problems.

The extreme radical group consists of a very small number of professors who often get their names in the papers. Except in dictatorship states, a minority group usually makes the most noise. Members of this group appear to believe that free capitalism is doomed and that the system must be succeeded by a totalitarian dictatorship, or by a socialistic

economic system. A few, but not all, in this group believe that democracy will probably fall with the free capitalistic system.

Usually, however, the professors who teach business subjects are far more interested in teaching actual business principles and practices than they are in praising or condemning those practices. It is the business of the professor of accounting to teach sound accounting methods and procedures. It is the function of the professor of business law to teach sound law on contracts, notes, mortgages, bailments, etc. The professor of banking is concerned with teaching the history, organization and operation of our various banking institutions and systems. The professor of marketing takes the same point of view in reference to the subjects he teaches. In dealing with such subjects, however, the professor occasionally discusses the problem of the relationship of banking or manufacturing to society. He must express an opinion, or at least a point of view, but usually the point of view of the professor in the collegiate school of business is about the same as that of the average business manager.

NEITHER DO THE TEXTBOOKS AGREE

IN textbooks too, there is a great range of treatment, from good to bad, from profound to asinine, from practical to impractical. Some, to be sure, are more conservative than others. Even in a text which is considered "middle of the road", statements sometimes appear which are not to be taken too seriously. As an example, we find the following sentence in the chapter on "Investment and Commercial Banking" in an otherwise excellent book: as to investment bankers, "funds might be directed by profit-seeking bankers into the construction of palaces for multimillionaires, leaving none available for the building of 'model apartments' for working people, even though the millionaires were already magnificently housed and the workers were living in slums."

The author's intent here, we are confident, was not to be anti-capitalistic, but merely to describe the functions of investment banking and the social problem in the flow of capital. He might have chosen a more practical illustration of the profit motive. It should be noted, however, that it is part of the professor's function to criticize and discuss this statement for the benefit of the students.

That there is more of a social point of view in colleges today than in years past is not to be denied. A social point of view is not only inevitable but desirable. But the development of a social point of view should not cause capitalists—practically all of us are capitalists—any undue fears. The discussion of economic questions by intelligent, informed people will not undermine capitalism. Indeed, it should strengthen it.

It is our considered opinion, in conclusion, that should our capitalistic system be in danger of destruction as a result of the teachings of college professors, as feared by a few critics, the collegiate schools of business would do better to dissolve. As a matter of fact, these schools are training young men and women to aid in operating business and industry under our capitalistic system. Bankers, financiers, manufacturers, transporters, merchandisers and many other groups in business, finance and industry are calling for men and women trained in basic principles and trained to solve problems.

The colleges, and especially the collegiate schools of business, are endeavoring to meet that demand, and we believe they are doing a very good job of it. In so doing, they are preparing young men and women for service and profit in a capitalistic society.

Cutting Bankruptcy Losses

By J. B. ROBINSON

The author is assistant vice-president, Bank of America N. T. & S. A., San Francisco.

IT is axiomatic that as long as loans are made losses will be suffered. Banks accept this situation as a definite hazard of their business. To minimize it they establish departments of credit review, the duties of which are to safeguard loan portfolios as far as possible.

The selection of personnel is of primary importance in this type of work. It is highly specialized and requires a peculiarity not found in every bank official. Good judgment and resourcefulness are, of course, paramount. In addition, the man who makes a success of it must not be easily discouraged or willing to accept invariably the conclusion, as to collectibility, of the officer under whose auspices the charge-off or elimination of the indebtedness occurred.

As to the principles and policies under which the department shall operate and by which its activities shall be guided, it is patently impossible to lay down hard and fast rules governing all cases or even those falling in the same general category. An analysis must be made of each indebtedness in order to determine the most advisable course to pursue with reference to that particular debt. However, there are several general policies which can be adopted and effectively applied to most cases.

1. Keep all loans alive, either by renewal obtained before the outlaw date or by suit.

This rule, of course, is subject to such exceptions as (a) the death of the maker and failure to discover any assets; (b) a discharge in bankruptcy and failure after investigation to disclose any irregularity in the proceedings, any secreted assets, or that the loan was based on a false statement; (c) whereabouts of the debtor are unknown for a considerable time and the amount involved is not large enough to warrant continued following under the circumstances.

2. File a claim in every bankruptcy proceeding regardless of the fact that the schedules may show no assets and you are unaware of any property of any description owned by the debtor. Attend the first meeting of creditors and conduct such examination and investigation as appear warranted.

The reason for filing claims in all cases is that, under the bankruptcy laws, only creditors who file claims within the allotted time can share in any assets subsequently discovered or are permitted to reopen the bankruptcy upon the subsequent discovery of fraud or other irregularities listed in the Bankruptcy Act. Also only those who file are permitted to oppose the discharge should such opposition appear advisable.

3. Do not allow the debtor to get the impression that a threat of bankruptcy* will influence your attitude toward a proposal for a compromise settlement.

* In 1938 the net loss from voluntary petitions in bankruptcy was \$915,000,000.

There are many cases where full payment of a debt cannot be expected or is so remote that a compromise settlement might be advisable. In many such cases the debtor will try to obtain a settlement far out of line with the amount involved by stating that unless the bank accepts his proposal he will resort to bankruptcy. To such a threat the reply should be that if the debtor desires to take bankruptcy, the law is there for him to avail himself of its provisions, that the bank cannot permit any discussion of settlement to be predicated even in a remote degree upon the possibility of bankruptcy, and that if he has bankruptcy in mind, we even prefer not to discuss a compromise. The debtor should be advised that in arriving at a basis of settlement for less than the amount due, the bank can only consider, first, the amount involved and, second, his ability to pay either presently or in the future.

The adoption of this policy not only keeps the bank in the driver's seat but also has a surprising effect on the attitude of the debtor toward the obligation.

4. Obtain the debtor's signed financial statement or an affidavit as to his assets to support any compromise settlement.

Before a compromise is agreed upon, a thorough investigation of the financial responsibility and future prospects of the debtor should be made. This should be supplemented in all cases by a signed financial statement or affidavit setting forth the assets of the debtor and containing a clause to the effect that the affidavit is being furnished for the purpose of inducing the bank to accept a lesser amount in full settlement of the indebtedness. The value of such a statement or affidavit, in event of subsequent discovery of falsification or fraud, is apparent. Refusal of a debtor to furnish such a statement or affidavit should be made the basis for rejection of the settlement and for a continued investigation by the bank.

5. Renew judgments prior to expiration of five-year period. In California, execution on judgments more than five years old cannot be obtained without first notifying the judgment debtor.

This procedure will defeat the purpose of the creditor in many instances. Accordingly, serious consideration must be given to the renewal of judgments prior to the expiration of the five-year period. A good general rule to follow is to renew virtually all judgments, particularly those which are reasonably substantial in amount.

A competent and well trained personnel, flexible rules and policies for its guidance, maintenance of a firm and definite attitude toward recalcitrant debtors, and the cooperation and assistance of a capable legal staff are necessary equipment if the large bank of today is to handle successfully its slow, doubtful and charged-off obligations. Not the least of this equipment is that hard-to-define but all-important factor—attitude.

Tax Saving on Debt Recoveries

By THEODORE S. CADY

The author is secretary of the Union National Bank, Kansas City, Missouri.

A FEDERAL income tax ruling of genuine interest to all banks, as well as other corporations, has the official designation of General Counsel's Memorandum 20854. It is the current interpretation dealing with recoveries on charged-off assets for which tax benefit was not obtained when the charge-off occurred. The new memorandum opinion supplements and amplifies the previously issued GCM 18525 and modifies, if not repeals, the former interpretative ruling known as IT 3172.

Under ruling IT 3172, banks were permitted to consider recoveries as exempt only to the extent that the percentage the deficit shown on the income tax return for the year of charge-off bears to the total of bad debts deducted thereon. If, for instance, the bad debt list was twice the amount of the deficit on the tax return, it was assumed that the bank had obtained tax benefit from one-half of the debts charged off and deducted. When recoveries were received on those debts only one-half was to be reported as exempt income, even though the bank might not be so fortunate as ever to recover half of the debts deducted or the deficit incurred in the year of charge-off. This assumption has now been conceded by the Bureau to have been erroneous. Likewise, the former method of limiting the protection afforded by GCM 18525 to debts charged off by direction of the bank examiner has become *passé*. The apparent application of IT 3172 to recoveries against debts charged off in 1932 or subsequent years is now broadened to include all bad debt charge-offs.

Under the new ruling—GCM 20854—all taxpayers are included—banks, other corporations and taxpayers generally. All recoveries are given equal treatment, whether charged off by the order of an examiner or voluntarily and regardless of when the charge-off occurred.

AS APPLIED TO BANKS

LET us consider the present method of determining the taxability of recoveries as it applies to the individual bank.

In the years 1932 to 1935, some earlier, some later, banks throughout the country were required to write down or charge off notes aggregating immense sums in order to qualify for the issuance of additional capital, preferred or common. Many such notes, secured and unsecured, were known by officials and directors of the bank to be partly or fully recoverable. Nevertheless elimination from the assets was ordered if the notes were delinquent or of questionable value. Where deduction was claimed on the Federal income tax return for these charge-offs, deficits were in many instances shown in red ink on the return for the year or years the eliminations occurred. In recent years recoveries in more or less satisfactory volume have been coming in on these notes.

An analysis of charged-off notes on which recoveries have been or will be obtained should be made correctly and in detail by all banks. Until subsequent recoveries equal the deficit shown by the tax return filed for the year of charge-off such recoveries

against the notes included in the bad debt list forming part of the deficit are entirely exempt from Federal income tax. When this point has been reached, i.e., when subsequent recoveries equal such deficit, they cease to be a return of capital and become taxable income, as is clearly developed in GCM 20854.

If, as occurred in not a few cases, the bank management was reasonably certain charged-off notes were neither worthless nor uncollectible and entered such notes in the reconciliation schedule of the tax return as unallowable deductions, then recoveries on those particular notes are to be returned as exempt income, without reference to the deficit for the year of charge-off.

WHAT TO LOOK FOR

THIS, then, is the combination of circumstances that is germane to the subject: Charge-off of debts in a former year which produced a deficit on the tax return, or the debts entered as unallowable deductions, and in subsequent years the receipt of recoveries on those debts that were reported as taxable. Bankers should, without delay, scrutinize their bank's returns to determine whether this or a related set-up of facts is present and, if taxes were paid within the past three years, file claims for refund.

Bonds are considered to be debts and if wholly or partially worthless are afforded the same treatment as worthless notes, both as to charge-off and recovery. This does not ordinarily include bonds with a fluctuating market value.

Net losses carried forward from a prior year, as provided for in the Revenue Acts before the 1934 Act, do not create the type of deficit that is set up by charging off bad debts.

An important feature is the ascertainment of whether prior year returns included recoveries that were believed to be taxable and, under the recent ruling, might possibly be found to be exempt. For instance, in a prior year a bank received recoveries which under the procedure then in effect were shown in the tax return as fully taxable. By applying the provisions of GCM 20854, it may be ascertained that such recoveries are exempt income, even though the income tax paid for that prior year is not now refundable because of the running of the statute of limitations.

For banks or other corporations filing returns on a calendar year basis, the years 1936, 1937 and 1938 may be amended or claims for refund filed for excessive tax paid within these three years, if recoveries were included as taxable that now can be exempted. If additional assessments have been paid within the past three years for 1935 or years prior thereto, claims for refund may yet be filed covering part or all of such additional payments if recoveries included therein were not properly handled under the revised procedure in either the returns or their audit.

In the administrative offices of some of the various states imposing income taxes consideration has been given the question of whether the rule laid down by the Bureau of Internal Revenue will become the procedure in such states. Bankers should determine the taxability of recoveries under their local state law.

What's in a Bank Name

The author, who has been in the advertising business for a number of years, is now in the firm of MacGregor and Woodrow, New York. He has written books and many articles on various phases of banking. He wrote on bank slogans in the July issue of this magazine.

BECAUSE of their connotations, unusual bank names make an interesting study. History, geography, topography, changed business and social conditions—yes, even romance and “the lengthened shadow of one man”—are to be read into the out-of-the-ordinary titles of many banks in different parts of the country.

The Boatmen's of St. Louis

Take, for example, the Boatmen's National Bank of St. Louis, Missouri, the “Oldest Bank West of the Mississippi,” now presided over by Tom K. Smith, a former President of the American Bankers Association. Among its thousands of depositors today, boatmen are about as scarce as the “stranded immigrants” in St. Louis for whom Bryan Mullanphy established his memorable trust fund there so many years ago. But when the “Boatmans Saving Institution” was opened on October 18, 1847, Mississippi River boatmen constituted an important part of the population of St. Louis.

By the late eighties, the character of St. Louis had changed. River traffic had fallen off. The fur trade had dwindled. Agricultural lands in the West were being tilled, and instead of lumber and pelts, the hinterland was sending out wheat, beef and pork. An enormous market for manufactured goods grew up and factories were established to supply it. The Boatmen's naturally became more and more a commercial bank, and eventually it received a charter as a national bank and joined the Federal Reserve System. Though the river traffic has long ceased to be the vital factor of St. Louis life that it was before the building of the railroads and bridges, the Boatmen's, never having been involved in any merger or consolidation, has had no occasion to change its name.

The “Anglo” Bank

Then there is The Anglo California National Bank of San Francisco. The “Anglo” part of its title arose from the fact that the present great bank is an outgrowth of a banking corporation organized in London in 1873 to acquire the San Francisco banking business of J. & W. Seligman & Company, of New York, London, Paris and Frankfurt-on-Main. However, the roots of this institution had sprouted in American soil long before 1873, and the bank has been nationalized, with the control vested in American-held stock.

The Pennsylvania Company

An institution with a long and honorable history and a long name is The Pennsylvania Company for Insurances on Lives and Granting Annuities, of Philadelphia. Concerning both, President William Fulton Kurtz says: “This company commenced business in 1812, its sole function at that time being life insurance and annuities. In 1836 there was a supplement to its original charter granting authority to

enter into the business of executing trusts and of engaging in deposit banking. In 1872 the insurance business was entirely discontinued and since that time we have confined our activities to banking and trust business, although we have kept the original title.”

A Hospital Trust Company

Many years ago, Moses Brown Ives, of Providence, R. I., died and by his will left \$50,000 to be devoted to such charitable objects as should be selected by his trustees. In 1863 they decided to use the greater part of this bequest towards starting a public hospital to be known as the Rhode Island Hospital. To provide some means of continuous and adequate support for the institution through the years ahead, a trust company was organized. In 1867 a charter was obtained for the Rhode Island Hospital Trust Company, now the oldest trust company in New England. The company agreed to pay over to the hospital annually one-third of all net profits over 6 per cent on its capital, so long as the state legislature granted no similar charter to others. But for ten years after the state did grant a charter to another trust company, the company voluntarily continued its original agreement. Then it issued to the hospital 100 shares of stock (par value \$1,000 a share) as a permanent settlement of the matter, and the hospital has ever since continued to be one of the large stockholders of the company.

A Workers' Institution

The name “Workers Trust Company” exactly fits its community—Johnson City, near Binghamton, New York. President A. M. Coddington makes this interesting statement concerning it:

“Prior to 1916 this institution was known as the First National Bank. At that particular time, we thought we could serve the community best by changing our charter to a trust company, as the village was growing rapidly, and under our national bank charter we could not make mortgage loans. The name comes from the fact that the predominating industry at that time was the Endicott Johnson Corporation employing about 12,000 workers. Ninety per cent of the residents of Johnson City were connected directly or indirectly with the Endicott Johnson Corporation.

“We gave considerable thought to the selection of a title. George F. Johnson, who was head of the Endicott Johnson Corporation at that time and who seemed to be the outstanding individual in this area, especially as a friend of the working people, unhesitatingly recommended that the bank be called the Workers Trust Company. We feel the title really means something to us in this community, which is a very democratic one.”

“Wachovia”—a Distinctive Name

Many bankers and others who are familiar with the Wachovia Bank & Trust Company of Winston-Salem, Asheville, High Point, Raleigh and Salisbury, North Carolina, do not know the interesting origin of the name. Here is the story as briefly told by vice-president William H. Neal:

“The name ‘Wachovia’ (pronounced Waw-ko'-via) is the

By T. D. MACGREGOR

name that was originally given to a tract of 100,000 acres of land selected in 1753 by Bishop Spangenberg of the Moravian Church as the location of a Moravian settlement in the Carolina colony. The streams and hills of this country reminded Bishop Spangenberg of the 'Wachau', an estate in southern Austria, formerly belonging to the Zinzendorf family. At his suggestion this name was given to the tract on which the Moravian settlement was made. Evidently the name 'Wachau' was difficult for any but the original settlers to pronounce, so the English version 'Wachovia' was adopted. The town of Salem was located near the center of this tract and the name 'Wachovia' has always been a familiar one in the history of both the Winston and the Salem communities.

"In 1879, when the First National Bank of Salem was moved a few blocks north to the town of Winston, the name was changed to the Wachovia National Bank and thus began the first use of the name 'Wachovia' in the banking circles of the community. In 1893 the Wachovia Loan and Trust Company was established, and in 1911 these two banks were consolidated to form the present Wachovia Bank and Trust Company. The name, therefore, is a distinctive one, there being no other banking or trust institution in the United States bearing a similar name."

Named After a Canal

The Chemung Canal Trust Company, of Elmira, New York, is 106 years old. It began business in October 1833, a year after the Chemung Canal, from Elmira to Seneca Lake, connecting with the new Erie Canal across New York State, had been completed. This outlet for the coal of northern Pennsylvania at once stimulated mining and other business in all that territory. A bank in Elmira was imperatively demanded as a depository for cash and to supply capital and credit for that community and all the territory south of the finger lakes of New York and in northern Pennsylvania. A charter was granted to "The Chemung Canal Bank." From 1857 to 1895 the bank was a private institution controlled by the well known Arnot family. It took out a state charter in 1895. In 1903 the Chemung Canal Trust Company became the successor to the business of the Chemung Canal Bank and the Elmira Trust Company. One employee, Captain Charles L. Hart, served this bank for over 67 years.

A Telegraphers' Bank

Regarding the Telegraphers National Bank of St. Louis, Missouri, executive vice-president E. S. Coombs says:

"The Telegraphers National Bank was organized in 1923 by the Order of Railroad Telegraphers, which at that time was about 37 years old and had about 60,000 members working for railroads in all parts of the United States and Canada. As many of these railroad telegraphers were stationed in small communities where there were no adequate banking facilities, and as many others were frequently moved from place to place in connection with their work, the directors of the national order felt that it would be wise to establish their own bank. This city was chosen as the location because the national headquarters was here, and thus

the order's extensive banking business in connection with the collection of dues and insurance premiums could also be taken care of. Stock of the bank was sold to the members who desired to purchase it, but most of the capital of \$500,000 was subscribed by the order itself."

5-Cent Deposits

The Boston Five Cents Savings Bank, like other institutions with "Five Cents" in their title, took this name because it really accepted and does still accept deposits as small as five cents. A press notice when it started May 1, 1854, said:

"Any poor man or poor woman—any poor boy or poor girl—anybody that can get five cents can deposit in this bank and become a capitalist at once, and enjoy all the satisfaction which the consciousness of being a capitalist to that amount is capable of bringing to them."

Interesting New York Bank Names

The Bank of the Manhattan Company is the oldest bank in the United States operating under its original charter. The company was organized in 1799 to supply New York with "pure and wholesome" water. When it was known that the water system operations would not use all of the Manhattan Company's capital, the directors opened a bank with the surplus, as provided by the charter. This was at 40 Wall Street, where the main office of the bank is still located.

Corn Exchange Bank Trust Company was established in 1853 to devote special attention to the Flour and Grain Exchange, commonly called the Corn Exchange.

The Chemical Bank & Trust Company was chartered in 1824 as the Chemical Manufacturing Company, with banking privileges, its organizers being largely interested in the drug and chemical trade.

The Emigrant Industrial Savings Bank opened in 1850 through the efforts of the trustees of the Irish Emigrant Society.

The Seamen's Savings Bank, established largely for seamen, still has quite a sprinkling of them among its depositors and it features nautical things in its fine building on lower Wall Street.

City Bank Farmers Trust Company was established in 1822 as the Farmers Fire Insurance and Loan Company. The insurance business was dropped, and in 1836 the name was changed to Farmers Loan & Trust Company. The present name arose in 1929, when the company became affiliated with the National City Bank.

The Bowery Savings Bank, over a century old, took its name from the well known street where it started and still has one of its offices. The Hanover Square section was the birthplace of the Hanover Bank whose successor is now the *Central Hanover Bank & Trust Company*. The origin of such names as the *Manufacturers*, the *Lawyers*, and the *Underwriters* trust companies is obvious.

The Federation Bank and Trust Company is "Labor's Bank". William Green, president of the American Federation of Labor is chairman of the board of directors. Other prominent labor men who are directors are: Edward W. Edwards, president of New York State Allied Printing Trades Council; Edward Canavan, assistant to the president of the American Federation of Musicians; Louis Gebhardt, Building and Construction Trades Council of Greater New York; and John Sullivan, vice-president of the New York State Federation of Labor. The purpose of the founders was to serve the rank and file of labor. The man with a union card in his pocket here deals with his own people, and receives every consideration and guidance in financial matters.

The Legal Answer Page

Banking Hours

WITH the advent of the Fair Labor Standards Act, more commonly known as the Wage and Hour Law, and its restrictions upon the length of the work-week, banks have cast about for ways to keep within its limits, although there has been no judicial determination that banks must comply with the Act. The problem has become greater with the further decrease in working hours, effective October 24, 1939, and will be intensified with the additional reduction scheduled for 1940.

The most feasible method of diminishing the number of working hours per week seems to be to shorten the time during which the bank is open to the public. The question then arises whether banks have the legal right to change their hours of business. It is pointed out in Paton's Digest, Opinion 484a, that banking hours usually are not established by law, but by the banks themselves. Cases are cited holding that banks may establish reasonable hours for transacting business. There is nothing in the National Bank Act which affects the right of a national bank to regulate its own banking hours and no state statute relating to the question has been found. It seems, therefore, that banks may change their banking hours within reasonable limitations, provided adequate and proper notice of the proposed change is given to the public.

Interest on Savings Account after Death of Depositor

THE question of whether a member bank of the Federal Reserve System may continue to pay interest on a savings account after the death of the depositor was presented recently to the Board of Governors.

Permission to pay interest upon the account depends upon the continuance of its classification as a savings account. The Board ruled:

"that a savings deposit may continue to be classified as such after the death of the depositor if the entire beneficial interest is then held by individuals or organizations of the kinds mentioned in the regulation. [Reg. Q sec. 1(e).] Likewise, a deposit in the name of an executor or administrator may be classified as a savings deposit if it meets the other requirements of the definition of savings deposits in the regulation and the entire beneficial interest is held by individuals or organizations of the kinds mentioned. Even where it is not known whether the entire beneficial interest is held by individuals or organizations of the kinds described, the Board declared that it would offer no objection, for a reasonable time after the death of the depositor, to the continued classification as a savings deposit of a deposit which has theretofore been properly classified as such." Fed. Res. Bull. Oct. 1939.

Thanksgiving Day—Two Dates

THE announcement by the President of the United States in September that he would advance the day of Thanksgiving a week caused much comment and controversy. It was reported by the Associated Press that the governors of 22 states will conform to the President's wishes and proclaim the holiday for November 23. However, 23 other governors

will declare as the holiday the traditional last Thursday in November.

What has not been recognized, however, is that in about 13 states there is a possibility of two legal holidays if the President and the governors set different dates as the day for the observance of Thanksgiving. This is quite apart from the two or three states in which by order of the governor both days will be holidays. The statutes of these 13 or more states provide for the Thanksgiving holiday in language somewhat as follows: Thanksgiving Day shall be any day appointed or recommended by the governor of the state or by the President of the United States. It would seem, by reason of this terminology, that as many days as are designated by the governor or by the President as days of fasting and thanksgiving would all be legal holidays.

A partial list of the states which have such a statutory provision is as follows:

California	Oklahoma	South Dakota
Iowa	Oregon	Utah
Kansas	Pennsylvania	Vermont
Kentucky	Rhode Island	West Virginia
		Wisconsin

Minimum Protest

Resolution unanimously approved by the Executive Council, American Bankers Association, at Seattle, September 25, 1939, recommending that the amount subject to protest be changed from \$10 to \$50.

WHEREAS, It is not legally required that inland checks be protested; and

WHEREAS, The chief purpose of notarial protest is that it affords a convenient method of proving dishonor and notice of dishonor in the event of a lawsuit instituted by the owners, and there are few suits on dishonored checks of less than fifty dollars; and

WHEREAS, The cost to the owners of the protest fee on small checks is out of proportion to the protection actually afforded them; and

WHEREAS, A survey of the opinions of all banks throughout the country on the question of raising the minimum face amount of checks which should not be protested revealed that a large majority favored the change to a fifty dollar minimum; and

WHEREAS, The Bank Management Commission upon the basis of their survey recommended to banks and clearinghouses a change from their present practice of not protesting items of ten dollars and less to a practice of not protesting items of fifty dollars and less; and

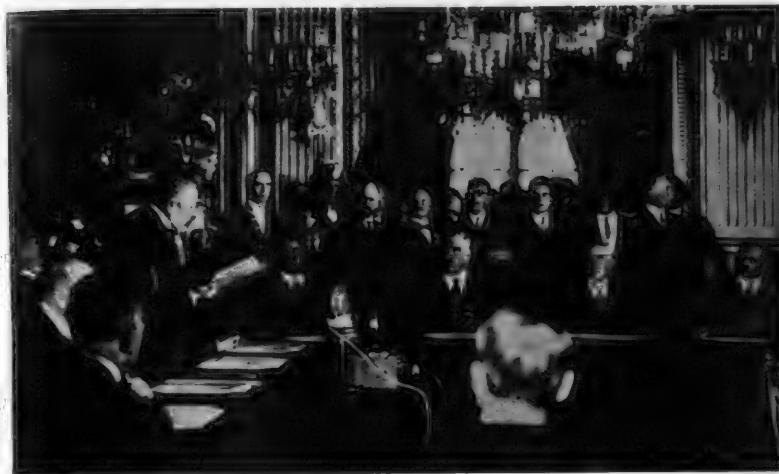
WHEREAS, Many clearinghouses have adopted rules changing their protest practice in accordance with the Bank Management Commission recommendation and many banks have indicated their readiness to cooperate; and

WHEREAS, These banks and clearinghouse associations are of the opinion that the new practice cannot be effective without the cooperation of the Federal Reserve banks; therefore be it

RESOLVED by the Executive Council of the American Bankers Association, That the Federal Reserve bank in each Reserve District be requested to conform its protest practice, beginning January 2nd, 1940, to the new practice adopted by banks and clearinghouse associations of not protesting items of fifty dollars or less; and be it further

RESOLVED, That a copy of this resolution be addressed to each Federal Reserve bank.

"Firm, Just and Lasting Peace"

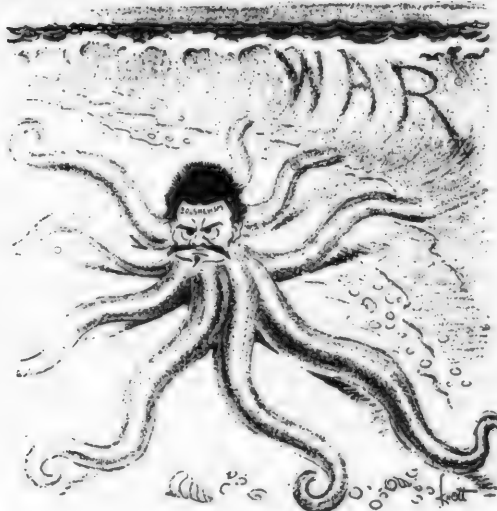


THE treaty of Versailles, link between wars, expressed among its early paragraphs a hope for a "firm, just and lasting peace." However, one American observer at Versailles is said to have commented, on reading the treaty's final draft, that he could count 21 future wars among its provisions. Justification for Versailles is found by some in the harsh terms of the Treaty of Brest-Litovsk, which Germany imposed on a defeated Russia. Whatever the merits or faults of the 1919 treaty, it is certainly the prologue and theme for 20 years of diplomatic and economic drama

Left, M. Briand of France standing, at the left, among the delegates at the conference table in the Hall of Mirrors

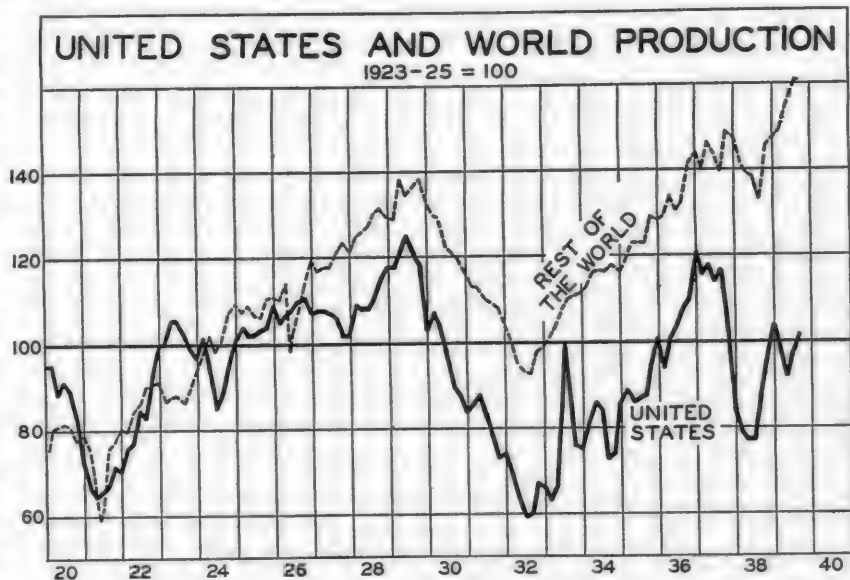


CARTOONS BY KNOTT IN THE DALLAS NEWS



The cartoons above express widely held opinions shortly after the war's end—that Germany must eventually be dealt with again and that the worst threat to peace was the Bolshevik regime in Russia

The chart at the right, prepared by Col. Leonard Ayres, is based on the Federal Reserve index of U. S. production and a Department of Agriculture index of production in the rest of the world except Russia. At the high point in the U. S. index, about half way through the Versailles interlude, our figure was 119, while the other nations' index was 136. Our index dropped 46 per cent at that time, the other, 29 per cent. Our first five years of recovery, 1932-1937, started off well but wavered; other nations' corresponding line is a steady slope upward. At the present time the divergence is wider than ever



CLEVELAND TRUST BULLETIN

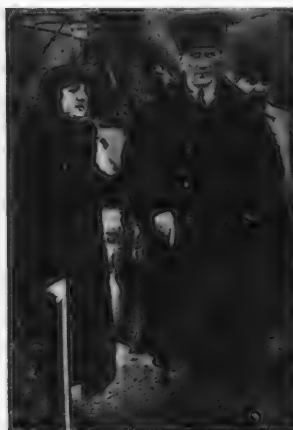


BROWN BROS.



EUROPEAN

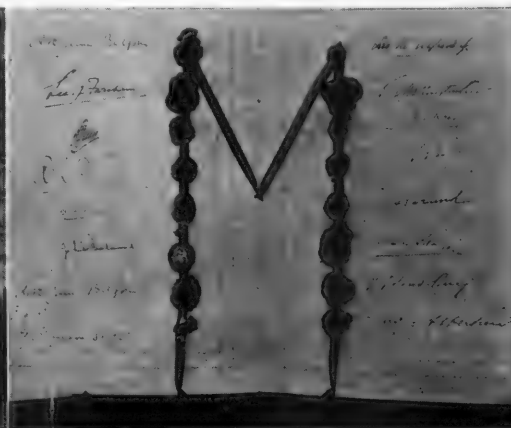
Above: Left, a scene during occupation of the Rhineland by the A. E. F., which began on December 3, 1918. Right, Socialists and Communists demonstrating in Berlin shortly after the War. Organized groups of malcontents created havoc in Germany for some time after the War, and the effects of inflation need no repetition. A republic was proclaimed February 6, 1919



EUROPEAN PHOTOS

Above: Left, Mustafa Kemal Pasha, post-war Turkish dictator and founder of modern Turkey, with his wife. The boundaries of Turkey were radically changed by the peace treaties, which also put 35 new nations on the map. Center, early meeting place of the League of Nations, which came into existence January 10, 1920. There were 29 members originally and 13 others joined in 1920. Right, one of the hundreds of war memorials which sprang up all over Europe, typifying the peaceful hopes which the League embodied

Below: Left, the five U. S. delegates to the Washington Conference of 1921: (left to right) Elihu Root, Senator Oscar W. Underwood, Secretary of State Charles Evans Hughes, Senator Henry Cabot Lodge (leader of the Senate opposition to our membership in the League) and the delegation's secretary, Basil Miles. Results of the conference included a five-power naval limitation treaty and two nine-power treaties bearing on matters in the Far East. Fearful France was the last to ratify the arms pact. Right, signatures on one of the nine-power pacts



HARRIS & EWING PHOTOS

BANKING



EUROPEAN PHOTOS

Above: Left, two founders of Red Russia, now at odds—Stalin at the far right and Trotsky, fourth from right. In 1922, 14 Russian "republics" combined to form the Union of Soviet Socialist Republics, the U. S. S. R. Germany's recognition of Russia in April 1922 caused fear among the still nervous Allies. Right, Sir Austen Chamberlain, British Foreign Minister, and Mussolini at a meeting in Florence. Internal economic and political strife had been extreme in Italy just after the War, and the nation felt that territorial promises of the Allies had not been kept



WIDE WORLD



INTERNATIONAL

The middle '20s were characterized by the efforts of diplomatic bill collectors. Above: Left, the British debt commission in Washington, including, at the table, Secretary Hoover, Senator Burton, Montagu Norman, Secretary Mellon, Secretary Hughes and Stanley Baldwin. Right, a reparations conference in Europe in 1924. Front row, left to right, Messrs Kellogg (U. S.), Theunis (Belgium), Herriot (France), MacDonald (Great Britain), de Stefani (Italy), Hayashi (Japan). Write-offs were heavy. The Hoover Moratorium of 1931 brought this phase to an end

The American capacity for taking it on the chin from Europeans and liking it was shown in the way "Uncle Shylock's" citizens flocked to Europe in the boom years, increasing their spendings over there by 350 per cent from 1920 to 1928. Below: Left, sightseers in London. Right, a German glider, which was the country's effort at aviation while observing Versailles restrictions. Center, organization meeting of the Bank for International Settlements, 1929. Its purpose was to carry out the Young Plan for reparations payments. French troops, sent to the Ruhr to collect, had been withdrawn after the Dawes Plan (1924) had been set up



GENDREAU



P. & A.



EUROPEAN



EUROPEAN



HARRIS & EWING

Sir Austen Chamberlain, at head of table (*above, left*) speaking to signatories of the Locarno Pact (1925). Locarno was believed to usher in a new European order of peaceful negotiation, and led to eventual evacuation of the Rhineland and Germany's entry into the League of Nations. *Above, right*, President Hoover informs the nations' representatives of the signing of the Kellogg-Briand pact "outlawing" war. Sixty-two nations signed the agreement in 1929. This was the half way point politically and the high point economically between the two wars



INTERNATIONAL



EUROPEAN



COLUMBUS DISPATCH

The "sweet dream of peace" was ended on September 18, 1931, with an explosion in Manchuria which the Emperor's (*above, left*) army used as an excuse for the Chinese "incident", still continuing. Timid European reaction made possible other "incidents" later on—Ethiopia, Austria, Czechoslovakia, etc. The League of Nations became a pleasant memory. *Above, center*, Hitler, not so sure of himself, meets President von Hindenburg shortly before the latter's death. *Above, right*, a cartoon captioned "A Nauseating Association", which recalls one of our own efforts in the cynical diplomatic world of 1933

Below, left, signing of the German-Italian alliance in Berlin in May 1939. Thus was born the military "axis". Russia was still the common enemy at the time. *Right*, signing of the Russo-German agreement in Moscow. An agreement with Russia was contrary to Hitler's most dogmatic tenets as stated in *Mein Kampf*. There he wrote: "Considered purely militarily, in the event of a Germano-Russian war against Western Europe, which would probably, however, mean against the entire rest of the world, the relations would be simply catastrophic. The struggle would proceed . . . on German soil, without Germany being able to get from Russia even the slightest effective support."



EUROPEAN



INTERNATIONAL

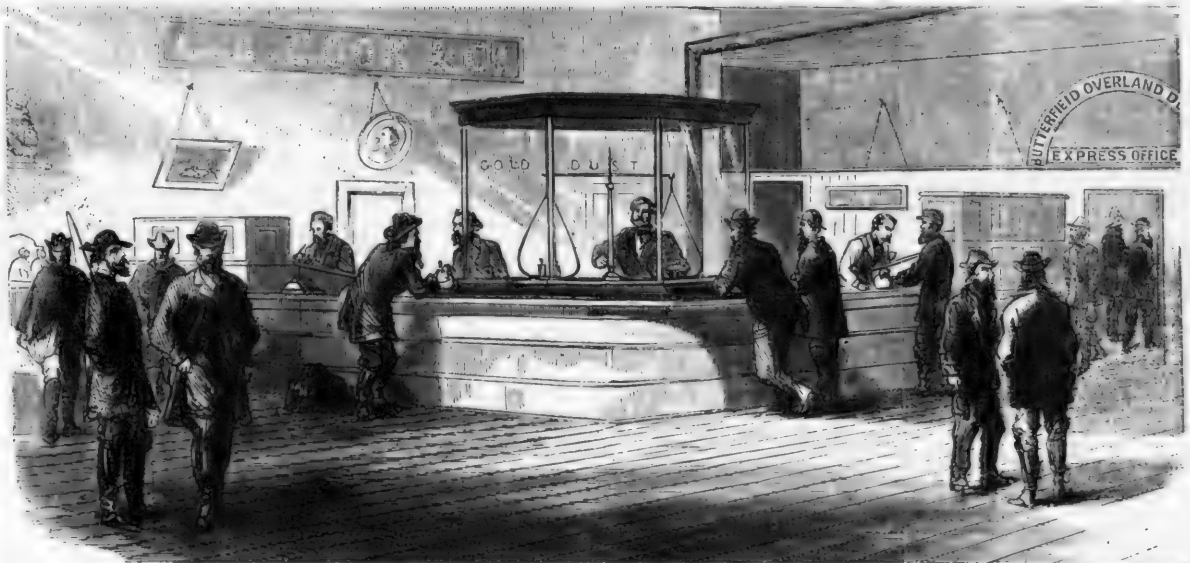
Thirty-Niners



As Mr. Fitzgerald observes on page 21 of this issue, most of us, when a gold rush is mentioned, think of the days of '49 and the Yukon. But the glittering product of those days was a bare dribble compared with the vastly augmented output of gold today. Science and engineering make the difference. It is an actual fact that 60 per cent of the world's gold supply has been mined since 1910.

The photographs on these pages show, however, that the picturesque quality of prospecting can still be seen, side by side with the giant dredges that account for the gold rush of '39.

Left, drag-line and power-shovel production on the Salmon River in Idaho, characteristic of today's gold production drive



CULVER SERVICE

Many a western bank has romantic chapters in its history bearing on its part in the story of gold. *Above*, a bank lobby during the gold rush of 90 years ago

Right, a floating gravel handling outfit built from parts of a washing machine. It can be taken along the river to promising locations. Almost every conceivable kind of old-fashioned, home-made sluice box can be seen in the gold fields these days, but on the other hand, science has contributed an underwater prospecting outfit that permits a man to work in 40 feet of water for an hour





COURTESY 115TH PHOTO SECTION, 41ST DIV. A. S. FELTS FIELD

In the '90s thousands of sourdoughs worked the Warren Meadows in Idaho (*above*). Today huge dredges are giving the neighborhood a thorough going-over, as indicated by the piles of gravel shown in the air view



Above, an old-time prospector who has mined practically all his life



Above, the simplest form of gold mining, still widely used today

Hydraulic mining (*right*) was common in '49 and is still used. One noticeable difference between today's operations and those of former times is the size of the particles recovered. Large nuggets are rare, and much currently mined gold is so fine that 100,000 to 4,000,000 particles are required to make a cent



Print a Picture of Your Loans

DID SOMEBODY SAY YOU COULDN'T GET A LOAN FROM A BANK?

The Knox County Savings Bank is Lending Money Gladly To All Applicants Who Can Show An Ability and Willingness to Repay

Lending Money at Reasonable Rates is An Important Part of Our Business

During the first six months of 1939 The Knox County Savings Bank has loaned to Home Owners, Farmers and Businessmen:

881 New Loans, Collateral and Unsecured \$518,667.97

61 New Real Estate Mortgage Loans 131,843.40

572 Renewal Loans 331,446.39

1,514 TOTAL LOAN ACTIVITY \$981,957.76

With all of the above loaning activity our total loans increased only \$237,848 over the six months period. Loan repayments exclusive of renewal loans amounted to \$412,664.

We are glad to extend deserved credit to serve this territory. The only restriction is the protection of depositors' money.

THE KNOX COUNTY SAVINGS BANK

PROOF of what banks are actually doing by way of lending their funds is shown in the advertisements reproduced on this and the following two pages.

Some interesting facts have been obtained from inquiries made among members of the American Bankers Association. For example, 452 banks in 330 towns and cities of Ohio have reported to the Association that they made 249,472 new loans during the first six months of this year, totaling \$341,761,718. The average number of loans per bank was 552, and the average loan amounted to \$1,370.

The same banks made 296,731 renewals of loans in the period, amounting to \$381,828,720—an average of 656 renewals per bank and an average renewal of \$1,287.

To take another example, 417 members of the Association in Pennsylvania reported an average of 555 loans per bank in the first six months of 1939 and an average loan of \$1,610.

The reporting Pennsylvania banks made 6,378 new mortgage loans in the period, aggregating \$25,365,244. Reporting Ohio banks showed mortgage loans to the number of 9,853 totaling \$28,796,528.

Doing Business at Home...

There are more than ample credit facilities in Utica to finance the personal and business needs of the community.

The banks of Utica are ready and willing to lend money at reasonable rates to borrowers for sound purposes who can and will repay.

During the past six months these banks have loaned more than a **Quarter of a Million Dollars** to hundreds of new borrowers.

Also they have loaned almost a **Half-Million Dollars** in the form of note renewals when the entire original loan could not be repaid at once.

The banks in Utica are in business to lend money and the loans for hometown purposes are most welcome. They use the community's money in the community.

USE OF LOCAL CREDIT HELPS ALL LOCAL BUSINESS.

Call on your local banker first when you need credit. Compare their rates and systems with any other credit agency.

It pays to do business in your home town.

THE FIRST NATIONAL BANK

THE UTICA SAVINGS BANK

★ IT IS SOMETIMES SAID THAT "YOU CAN'T GET A LOAN AT A BANK"

★ **ANY** responsible person will not find it difficult to borrow from the First Trust & Deposit Company, because we consider that

GOOD LOANS ARE OUR BEST INVESTMENTS

During the first six months of 1939 we made new loans totaling

\$5,157,255 TO 3,813 INDIVIDUALS AND FIRMS

Of these loans 2,842 were "small loans", for less than \$1,000. About one thousand were loans to individuals for personal needs.

We are ready and willing to loan money for constructive purposes, on a reasonable plan of repayment, and invite you to discuss your credit needs with us.

FIRST TRUST & DEPOSIT COMPANY

SOUTH WARREN AT WASHINGTON, SYRACUSE, N. Y.

Member Federal Deposit Insurance Corporation
Member Federal Reserve System



\$500,000 TO LOAN

In Amounts from \$50 Up

— at —

"Loan Headquarters for Staten Islanders"

— THE —

SOUTH SHORE BANK

Of Staten Island • Great Kills, Staten Island, N. Y.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

"The South Shore Plan" Means BANK LOANS—AT BANK RATES—FOR EVERYBODY

Our BANKING "BILL OF FARE"

PERSONAL LOANS

LOANS ON AUTOMOBILES

PROPERTY INVESTMENT LOANS

PROPERTY LOANS

OWN P.R.A. INVESTMENTS

COMMERCIAL LOANS

PERSONAL PLAN DESIGNED

ACCOUNTS

TRUST ACCOUNTS

SAVING ACCOUNTS

TRAVELER'S CHECKS — LETTERS

OF CREDIT — SAFE DEPOSIT BOXES

Our DIRECTORATE

Joseph A. Benda, Chairman

John J. Benda, Vice Chairman

Thomas J. Benda, Secretary

Thomas J. Benda, Treasurer

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Thomas J. Benda, Director

Here is NEWS—good news, big news—for every person of banking age on Staten Island.

You've probably heard it said that "You can't borrow a dime from a bank," etc. You've probably heard it said so often that you've begun to believe it.

Here's our answer to that:—A New Lending Policy based on a new conception of banking service to the public; a loan service designed to meet the needs of the average person; the professional man and woman; the small business; wage earners; salaried employees:—

The South Shore Bank has \$500,000 to loan—at Bank Rates—in amounts from \$50 up—with a year or more in which to repay. And you don't have to be a customer in order to borrow under "The South Shore Plan."

In the past few weeks, in preparation for making banking credit broadly available on Staten Island to everybody who is both able and willing to repay as agreed, we have:

1. Installed a Personal Loan Department which will loan \$25 to \$1,000 either on installment or in lump sum.
2. Installed an Automobile Department to give similar service on automobile loans.
3. Equipped ourselves to make long-term P.R.A. Mortgages on new construction at 4 1/2%.
4. Enlarged and redecorated our entire bank in order to make it a convenient and agreeable place for you to bank.
5. Chaired our entire staff to handle your banking needs in a courteous, friendly and efficient manner.

On the left you see our "Banking Bill of Fare," our Directorate and the names of our experienced staff members who stand ready to serve you. On the right you see a long list of purposes for which we loan.

Check over that list NOW. Put on the loan that interests you. Fill out the coupon and mail it, and we'll send you a brief folder describing "The South Shore Plan" in greater detail.

Better still—come out the coupon and bring it in to the bank on Your Introduction. Why delay if you're looking for a loan? "Loan Headquarters" can quickly arrange exactly the loan you want. Come and get it! Our telephone number is BRIDGE 6-2100.



South Shore Plan LOAN

Coupon

Fill out, tear out, mail this coupon TODAY for a folder describing "The South Shore Plan" in detail. Telephone BRIDGE 6-2100. Or bring this coupon to the bank on Your Introduction.

CHECK THIS LIST of Loan Purposes

Which loan do you want?

- 1. Personal Loan
- 2. Automobile Loan
- 3. P.R.A. Mortgage
- 4. Commercial Loan
- 5. Property Investment Loan
- 6. Trust Account
- 7. Saving Account
- 8. Traveler's Check
- 9. Safe Deposit Box
- 10. Other

AUTOMOBILE LOANS

At one time in this area it was almost impossible to get an automobile loan. Now it is easy.

The coupon introduces

State

City

Street

Zip

Signature

Date

Print Name

Print Address

Print City

Print State

Print Zip

Print Signature

Print Date

Print Print Name

Print Print Address

Print Print City

Print Print State

Print Print Zip

Print Print Signature

Print Print Date

Print Print Print Name

Print Print Print Address

Print Print Print City

Print Print Print State

Print Print Print Zip

Print Print Print Signature

Print Print Print Date

Print Print Print Print Name

Print Print Print Print Address

Print Print Print Print City

Print Print Print Print State

Print Print Print Print Zip

Print Print Print Print Signature

Print Print Print Print Date

Print Print Print Print Print Name

Print Print Print Print Print Address

Print Print Print Print Print City

Print Print Print Print Print State

Print Print Print Print Print Zip

Print Print Print Print Print Signature

Print Print Print Print Print Date

Print Print Print Print Print Print Name

Print Print Print Print Print Print Address

Print Print Print Print Print Print City

Print Print Print Print Print Print State

Print Print Print Print Print Print Zip

Print Print Print Print Print Print Signature

Small Loans

Because we are a BIG BANK it is not unlikely that some people think that we are primarily concerned with BIG BUSINESS, whereas the fact is that most of our customers are relatively small.

During the preceding week our Credit Department handled

428 Loans

of which ...

196 were under \$ 300.00

108 were from \$300.00 to \$1,000.00

123 were over \$1,000.00

First National Bank Scranton, Pa.

Member of Federal Deposit Insurance Corporation

Over 54,000 personal loans



totaling \$10,650,869.08
have been made by the Lincoln-
Alliance during the past four years.

If you need to borrow any amount from \$100 to \$4500, we invite you to come to the Lincoln-Alliance and use the same business-like and low-cost plan thousands of others have used so satisfactorily.

What It Costs

Here's how our Bank Plan for Personal Loans works

LOAN	CHARGE PER YEAR	INSURANCE PREMIUM	YIELD RECEIVED	12 MONTHLY PAYMENTS
\$100	\$ 0.48	\$.27	\$101.25	\$ 9.00
150	0.72	.30	150.25	13.00
200	1.20	.54	202.50	18.00
300	1.80	.75	281.25	25.00
450	2.88	1.20	450.00	40.00

*Any amount up to \$1,000 may be borrowed on the above plan.

*In event of death, the insurance covers the unpaid balance.

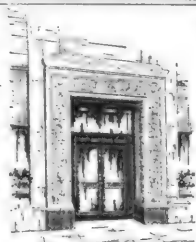
Consult an officer at any of the
nine offices of the

LINCOLN-ALLIANCE BANK AND TRUST COMPANY

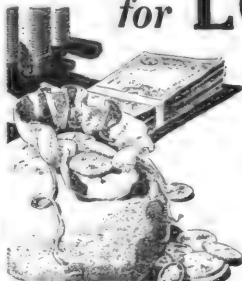
Member Federal Reserve System

Member Federal Deposit Insurance Corporation

LOANS FOR BUILDING (FHA) LOANS FOR BUSINESS LOANS FOR AUTOMOBILES LOANS FOR PERSONAL USES



The FIRST NATIONAL for LOANS



There's nothing this bank would rather do than lend money. The reason is apparent. The interest derived from loans is our biggest single source of income. This bank will make a good loan for the same reason that a merchant will want to make a good sale.

Credit represents our stock in trade and we are just as anxious to make it as a merchant is to clear his shelves. Naturally, however, we cannot be expected to make unsound loans—but if you can show an acceptable ability to repay, we shall be more than happy to make the loan. We have money here waiting to be put to work.

The credit requirements of one man...or those of any business, large or small, can be met promptly and at low cost by the extensive resources of this bank, which is long experienced in lending money for constructive needs. Come in and see one of our officers if you have a problem that money can solve.

See the FIRST NATIONAL First ... FOR LOANS!



FIRST NATIONAL BANK

TRUST AND SAVINGS

Member of Federal Reserve System... Federal Deposit Insurance Corporation

**Almost Four Million Dollars
Loaned in Six Months**

In the first six months this year, The American National Bank of Kalamazoo made:

COMMERCIAL LOANS

New	
1,183 aggregating	\$1,588,745.22
Renewals	
1,546 aggregating	\$2,168,718.24

REAL ESTATE MORTGAGE LOANS

New	
37 aggregating	\$ 109,391.85
2,766 loans totaling	\$3,866,855.31

In the desire to serve the community fully, we continue to solicit sound local loans of all types which measure up to our conservative standards.

**The AMERICAN
NATIONAL BANK
of Kalamazoo**



MEMBER OF THE
FEDERAL DEPOSIT
INSURANCE CORPORATION



SEEING IS BELIEVING

Here is a photostatic copy of the "disposition column" of the last six pages from our book of Loan Applications.

- A—Means loan approved.
- H—Means hold for additional information.
- R—Means refused.

Just look at the record and note the high percentage of loans accepted.

During the past 12 months' period 89% of all loan applications were granted.

The Boardwalk National Bank is rendering a real credit service to this community and will welcome the opportunity of discussing your credit requirements with you.

THE BOARDWALK NATIONAL BANK

"The Friendly Bank of Distinctive Service"

Member of Federal Deposit Insurance Corporation
Member of Federal Reserve System

BOARDWALK OFFICE
Tommie Ave. & Boardwalk

AVENUE OFFICE
So. Carolina & Atlantic Aves.

This is the first of a series of advertisements in which we will demonstrate with actual loan histories how the Boardwalk National Bank is helping individuals, business and professional men and property and home owners in this community.

**Banks Do Make
Loans**

The charge has been made, and many people believe it is true, that banks are not taking care of the credit needs of business. As factual evidence of what the Joplin National Bank and Trust Company has been doing, we have compiled the following figures from our books. The period covered is the six months ending June 30, 1939:

Number of Loans	Amount of Loans
New Loans 495	\$421,215.45
Loans Renewed 339	501,280.54
Real Est. & FHA 22	26,985.62
Total 856	Total Amount \$949,481.51

We think this is unmistakable proof that we have been doing our part.

In this connection it must be remembered that as a commercial bank, and through departmental regulations, we are restricted in the kind of loans we can make. These regulations are right and proper and are indorsed by bankers because they think first of their depositors. The loans they make must be good. Such loans must be supported by financial statements showing a proper basis for the loans, good credit record, and or, adequate collateral. With loans reasonably conforming to such standards, a bank builds strength and makes dividends. No banker can afford to make marginal or submarginal loans.

The banker is now, as he has been in the past, ready and willing, indeed really anxious, to meet the qualified borrower more than half way in satisfying his borrowing needs.

**JOPLIN NATIONAL BANK
AND TRUST CO.**

Corner Fourth and Main Streets

Established in 1890

Member Federal Reserve System

Member Federal Deposit Insurance Corporation



"YES"

IS THE ANSWER

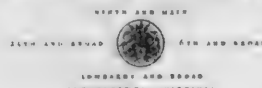
EVERY year thousands of loan applications are received at State-Planters. They come from business enterprises, from the largest to the smallest, as well as from individuals in all walks of life. To ninety per cent of these requests for credit our answer is.... "YES."

The reason for this unusual record is found in the twenty-three year old policy of this bank. State-Planters has conservatively sought sound loans which will prove beneficial to the borrowers and provide proper working channels for the funds of depositors.

Last year State-Planters made 15,300 loans totaling approximately \$72,000,000. The smallest was for \$10; the largest for \$500,000. Numerically, personal loans to individuals led all others totaling 4,500 for approximately \$1,500,000.

State-Planters offers a dependable and responsive loan service to individuals and corporations who wish to arrange bank credit on a sound basis. Outstanding features of this service are moderate rates and convenient repayment terms.

**State-Planters
BANK AND TRUST COMPANY**



MEMBER FEDERAL RESERVE SYSTEM

A Bank's Industrial Exhibit

An unusually ambitious—and successful—exhibit was sponsored at this year's Cortland County (New York) Fair by the First National Bank of Cortland. Pictures of some of the exhibits appear on these pages.

The Cortland *Standard* wrote of the display: "... the First National Bank of Cortland, which assembled the group for the first time, has given the visitors a real educational treat in regard to the diversified industries of the county."

The Cortland *Democrat* said in a news story: "The industrial display of Cortland County industries, sponsored by the First National Bank of Cortland, is one of the finest ever attempted at the fair. City and county folk were heard to remark from all sides: 'Why, I did not know this was made in Cortland County.'"

Not only were finished products shown, but some manufacturers arranged exhibits showing actual manufacturing processes in action. Altogether, more than 30 concerns participated

On one afternoon between 12:30 and 1:30, 752 people passed through the exhibit. On another day between 3:30 and 4:45 there were 1,350 visitors.

The First National Bank had a booth among the exhibits in which there was a display advertising safe deposit facilities. In connection with the exhibit the bank used two pieces of advertising material as prepared by the American Bankers Association—a folder, and a blotter dealing with personal loans. In addition, several thousand pencils were handed out bearing the bank's name.

In a letter, Burr P. Cleveland, president of the bank, states: "We do not believe that from the profit standpoint there is any direct return to the bank. However, we feel highly repaid for our efforts in that the response by the local manufacturers to the suggestion that they participate was 100 per cent."

Exhibitors

Liked It

From the Brockway Motor Company, Inc., to the First National Bank of Cortland:

"We want to take this opportunity to congratulate your institution on the very successful and worth while industrial exhibition sponsored by your bank during the Cortland County Fair . . .

"We also want to thank you for the privilege of showing Brockway Trucks, a Cortland County product, as part of this exhibit.

"We feel that this exhibition of the industrial products of Cortland County is one of the finest things that has been arranged in this community during the past several years . . ."

From Durkee's Domestic Bakery to the First National Bank of Cortland:

"... We at Durkee's Bakery cannot figure out why you should be thanking us for the part we played in putting over the exhibit at the Cortland Fair. It should be just the other way around and we would like you to know that we are deeply grateful to the First National Bank of Cortland and all the members of their organization for allowing us to participate in such a splendid general industrial exhibit . . ."

A. R. Learn, vice-president of the bank, talking to two visitors at the institution's own booth





The variety that is possible in such an exhibit in an industrial community is merely suggested by the pictures on this page. The actual range in this case extended from ironing boards to motor trucks

The directors of the fair gave the bank the use of one-half of the main building. The cost to the bank for decorations, watchmen, advertising, etc., was approximately \$600



By Way of Contrast



BROWN BROTHERS

"IN the last quarter of a century there have been more changes in banking and bank operations in the United States than in all the years preceding that period," writes E. S. Woolley on page 19 of this issue of *BANKING*. Mr. Woolley discusses there the great changes that have entered banking—and business in general—through the introduction of business machinery.

It has already been reported by *BANKING* how, at the First National Bank of Dallas, when the electric current failed not

long ago, the day's work was four hours behind schedule at 4 o'clock in the afternoon, even though machinery was operated manually wherever possible.

Since we take banking's modern tools somewhat for granted, it is interesting to look backward to the era of long-hand business correspondence and even later. The pictures on these pages are of varying vintages, but the degree of mechanization which is visible is about the same.



CULVER SERVICE
BANKING



CULVER SERVICE

Above, a quaint illustration from Pinkerton's *Bank Robbers and Detectives*



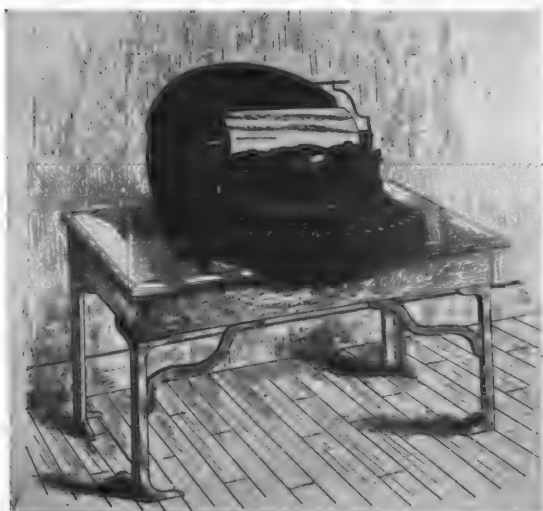
BROWN WOVE



BROWN BROS.



CULVER SERVICE



CULVER SERVICE

Above, a typewriter of the '80s



BROWN BROS.

Not only office machinery but lighting facilities have been improved, as shown by the picture above



CULVER SERVICE

Right, a filing room that required mountaineering ability, adventuresomeness and a sense of balance



CULVER SERVICE
BANKING

RECORDAK'S ECONOMIES CAN HELP OFFSET HIGHER OPERATING COSTS

FACING further increases in operating costs, more and more banks are turning to Recordak Photographic Systems for important operating cost reductions.

In more than 3000 installations Recordak has proved itself an incomparable time-saver and cost-cutter. New safety and accuracy are assured by the exact photographic records produced at lightning speed. And Recordak Systems eliminate many of the time-consuming, burdensome operations formerly thought essential to assure accuracy.

Savings of as much as 45% net in Book-keeping Department operating expense, 50% in the Transit Department, 50% in stationery, 40% in machine equipment, and up to 98% in storage space are not unusual when

Recordak Systems are installed.

And with Recordak Systems, bank and depositors realize a new degree of security in the retention of accurate, tamper-proof, extraction-proof, and substitution-proof records not possible under less modern methods.

No capital outlay is required to bring Recordak efficiency and economy to any bank. Bank-trained representatives will help you plan, install, and maintain at peak efficiency a Recordak System geared to your individual requirements.

Thirteen conveniently located offices assure prompt, attentive service. For further information write Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York, N. Y.



Bank Model Recordak. Rental \$25 per month. For speeding up the transit operations and for photographing paid checks for the protection of banks and depositors.



Reversible Recordak. Rental \$30 per month. Photographs both sides of checks and larger bank forms at a single operation—and does this at lightning speed.



Recordak Junior. Rental \$12.50 per month. For the smaller bank, and for special departments of large banks (tellers' cages, safe deposit vaults, trust and filing departments, etc.).



Commercial Recordak. Rental \$30 per month. For photographing all bank forms. Widely used for the Recordak system of single posting and other specialized applications.

RECORDAK PHOTOGRAPHIC ACCOUNTING SYSTEMS

We can't rent a house

Smudged with Smoke



IN ACCOUNT WITH	
ESTATE OF ESTELLE DOE	
DEBITS	DESCRIPTION
\$1900	for cleaning of property at 110 State St.

Friendly Fire Costs Trust \$1900



Fire is not always hostile! The flames were *friendly* that burned to provide this home with comfort and convenience. But one day a defect in heating apparatus caused incomplete combustion. Clouds of oily smoke followed heat's course through the house... ghosted upward through floor cracks, staining and smutting walls and white ceilings, clinging to furniture, carpets, curtains.

What will trust beneficiaries say to an unexpected, unprotected expenditure of \$1900—for cleaning and restoring—to appear on next month's income statement?

Here is illustrated the wisdom of going further with protection than coverage against only obvious risks. Insurance that also includes *invisible* values, such as trust income, is every day more necessary to sound fiduciary management. Bankers managing income properties are invited to consult our agent about Smoke Damage coverage offered by THE HOME. For a slight additional premium, this form pays loss following faulty operation of stationary heating apparatus in dwelling structures.

THE HOME INSURANCE COMPANY NEW YORK

FIRE—AUTOMOBILE—MARINE and ALLIED LINES OF INSURANCE

President Hanes Plans "Know Your Bank" Program for A.B.A.



President to President

Robert M. Hanes (right) receives from Philip A. Benson at Seattle the American Bankers Association President's badge

Banks' Business Development Role Is Theme of Richmond "Regional"

A program built on the theme "Banking's Part in Business Development" has been prepared for the American Bankers Association regional conference at the John Marshall Hotel, Richmond, Va., Dec. 7 and 8.

In five meetings bankers will discuss the practical problems of their profession with a view to improving banking's many services to business and the public. Robert M. Hanes, President of the Association, will preside at the conference. Advance inquiries and reservations indicate an unusually large attendance by bankers from eastern, southern and midwestern states.

The conference is the first in the 1939-40 series planned by Mr. Hanes.

The keynote will be sounded by Giles H. Miller, president of the Virginia Bankers Association. "Know Your Bank", the A.B.A. slogan this year, is the subject of E. S. Woosley, vice-president, Louisville (Ky.) Trust Co., who also speaks at the first meeting. Speakers and topics at the other sessions are:

Dec. 7, P.M.—"Augment-

ing Earnings Through Broader Services", T. A. Glenn, Jr., president, Peoples National Bank, Norristown, Pa.; "Personal and Instalment Loan Technique", Philip Woolcott, chairman and president, Bank of Asheville, N. C.; "Amortized Term Loans to Industry", Daniel H. Blizzard, assistant cashier, Philadelphia National Bank.

Evening—"Merchandizing Banking Service", S. H. Field, assistant vice-president, Barnett National Bank, Jacksonville, Fla., and president, Financial Advertisers Association.

Dec. 8, A.M.—"Meeting Bank Competition", P. H. Sitges, president, Louisiana Savings Bank and Trust Co., New Orleans; "Factors Controlling Interest Rates", William S. Elliott, president, Bank of Canton, Ga., and President, State Bank Division, A.B.A.; "Agricultural Loans", Walter S. Cothran, vice-president, National City Bank, Rome, Ga.

P.M.—"Investment Information for Bankers", H. Y. Offutt, vice-president, First National Bank, Louisville;

Association's New Head Also To Stress Banking and Business Development

Under the guidance of Robert M. Hanes, president of the Wachovia Bank and Trust Company, Winston-Salem, N. C., the American Bankers Association is starting another year of service to the country's banks.

In his inaugural address at the Seattle Convention which elected him to the presidency,

Two Changes Made In A.B.A. Groups

Two changes affecting major units of the American Bankers Association were approved at the Seattle Convention.

The work of the Public Education Commission and the Public Relations Council is unified under the direction of the latter group. Samuel N. Pickard, president, National Manufacturers Bank, Neenah, Wisc., is chairman of the Council, and William T. Wilson, formerly assistant director of the Association's advertising department, has been named director. A subcommittee on public education is headed by Frank M. Totton, second vice-president of the Chase National Bank, New York.

The other change is the formation of the Insurance and Protective Committee, representing a merger of the Insurance Committee and the Protective Committee. The chairman is William B. Gladney, executive vice-president, Fidelity Bank and Trust Company, Baton Rouge, La.

"Earnings Through Better Organization of Men and Machines", L. W. Bishop, cashier, State-Planters Bank and Trust Co., Richmond; "Legislative Outlook", A. L. M. Wiggins, president, Bank of Hartsville, S. C., and chairman, A.B.A. Federal Legislative Committee.

See the Digest

Excerpts from a number of the speeches at the American Bankers Association Seattle Convention appear in this issue of *BANKING's Digest*.

Mr. Hanes stated that the Association's work in his administration would have two phases: First, "Banking and Business Development"; second, "Know Your Bank".

The program of regional banking conferences is to be continued, opening at Richmond, Va., early in December and continuing at Denver in March. It is also expected that another conference will be held, probably in the East.

Mr. Hanes told the 2,500 bankers attending the Seattle Convention that the "Know Your Bank" activities of the Association would be carried out through the Bank Management Commission and the Research Council, which would center their work on ways and means of "helping to know our banks better".

Serving with Mr. Hanes in the administration of Association affairs are these new general officers:

First vice-president, P. D. Houston, chairman of the board, American National Bank, Nashville, Tenn.

Second vice-president, H. W. Koeneke, president, The Security Bank of Ponca City, Okla.

Treasurer, B. Murray Peyton, president, Minnesota National Bank, Duluth.

Brief articles about and pictures of them, together with the new divisional presidents, will be found on the next two pages.

President Hanes, commenting on the "Know Your Bank" program, pointed out that banks' problems and opportunities would be considered from many angles. Through studies and conferences the Association would seek to promote a better understanding of "how our banks can meet the

(Continued on next page)

Meet the New Officers of the American Bankers Association

Here are brief sketches of the new general officers and Division heads of the American Bankers Association.

President Hanes Long Familiar With Affairs of Association

Robert M. Hanes, president of the Wachovia Bank and Trust Company, Winston-Salem, N. C., brings to the presidency of the American Bankers Association a long experience in business and banking, and a thorough familiarity with the Association's affairs.

Mr. Hanes, a World War veteran, has been with the Wachovia about 20 years. Born in 1890 in Winston-Salem, he was educated in the Woodberry Forest School of Orange, Va., the University of North Carolina, and the Graduate School of Business Administration of Harvard University. His first business position was with the Crystal Ice Company of Winston-Salem, where he was secretary and treasurer.

He resigned from that company in 1917 to attend the Second Officers Training Camp at Fort Oglethorpe, Georgia, where he was commissioned a first lieutenant of artillery. In December 1917 he was transferred to the 113th Field Artillery, 30th Division and in March 1918 was commissioned captain. In May 1918 he went overseas with the Division and saw active service in France until the Armistice. He was discharged from the army with the rank of major in December 1918.

Mr. Hanes joined the Wachovia Bank & Trust Company a few months after his discharge from the army. Later he became vice-president of the bank and subsequently president.

He is a director in the following companies: Southern Railway Company, P. H. Hanes Knitting Company, Hanes Dye & Finishing Company, Security Life & Trust Company, Atlantic Joint Stock Land Bank, Greensboro Joint Stock Land Bank, State Capital Life Insurance Company and the Indera Mills Company of which he is also vice-president.

Mr. Hanes has been president of the Winston-Salem Chamber of Commerce; a member of the North Caro-

lina General Assembly, in the House 1929, 1931, and the Senate 1933, and is a director of the North Carolina Sanatorium. He is a member of the Federal Advisory Council of the Fifth Federal Reserve District.

In the activities of the American Bankers Association, Mr. Hanes has served as a member of its Executive Council and Administrative Committee, vice-president of its State Bank Division and as chairman of its Committee on Federal Legislation. He was Second Vice-president of the Association during 1937-38 and First Vice-president during 1938-39. He is also a past president of the North Carolina Bankers Association.

Mr. Hanes is married and has one son and one daughter. He is a Democrat and belongs to the Twin City, Forsyth County and Winston-Salem Rotary clubs. He lives in Winston-Salem.

Vice-president Koeneke Former Bank Commissioner of Kansas

H. W. Koeneke of Ponca City, Okla., the Association's Second Vice-president and president of the Security Bank of Ponca City, was president of the State Bank Division in 1938-39.

Mr. Koeneke is a native of Herkimer, Kans. After attending business school and Midland College, he got his first banking experience with the First National Bank of Marysville, Kans., in 1909. The following year he was made cashier of a new bank in Herkimer, holding this position until 1917. During these years he acquired a substantial interest in the Exchange State Bank of Parsons, Kans., and in 1917 became cashier of this bank and later its vice-president as well.

In 1929 he was appointed Bank Commissioner of the State of Kansas and held this office through the administrations of Governors Clyde M.

P. D. Houston, First Vice-President. Active in Business and Banking

P. D. Houston, chairman of the board, American National Bank, Nashville, Tenn., and First Vice-president of the American Bankers Association, was born in Lewisburg, Tenn., March 30, 1874.

He entered the banking field with the People's Bank in Lewisburg, later going to Nashville as cashier and manager of the First Savings Bank and Trust Company. Subsequently he became vice-president of the Fourth and First National Bank.

He is a director, vice-president and treasurer of the Tennessee Central Railway Company; director of the Massachusetts Mutual Life Insurance Company; director of the Welch Grape Juice Company; director and president of the Hermitage Hotel Company, Nashville; director of Phillips and Buttorff Manufacturing Company; director of the Nashville Industrial Corporation; director of Cockrill Finnegan Realty Company; trustee and member of Executive and Finance Com-



P. D. Houston

mittee of Vanderbilt University, and trustee of Fisk University.

Mr. Houston is past president of the Tennessee Bankers Association. He served as Treasurer of the American Bankers Association, 1931-1933, is a past member of the Executive Council and has had assignments to various committees.

Mr. Houston is married and has two sons, one identified with the banking business in Nashville. He belongs to the Masons and Knights of Pythias.

"Know Your Bank"

(Continued from page 49)

need of the public for banking activities that are at once sound and serviceable."

Mr. Hanes has made his appointments for the year, and the names have appeared in the official lists of the Association. Among the groups having new chairmen are the Bank Management Commission, the Agricultural Commission, the Public Relations Council and the Membership Committee.

Convention Golf

Winners in the American Bankers Association golf tournament at Seattle:

Philadelphia Bowl, W. K. Yost, Puget Sound National Bank, Tacoma, 78 gross; Ex-President's Trophy, Robert V. Fleming, Riggs National Bank, Washington, D. C., 86-12-74; American Bankers Association Trophy, Ira Camp, First State Bank of LaCrosse, Wash., 86-18-68; Low net of tournament, Mr. Camp, 86-18-68.



H. W. Koeneke

Reed, Harry Woodring, and Alfred M. Landon. In 1935 Mr. Koeneke resigned as commissioner to become president of the Security Bank.

Mr. Koeneke is a member of the Ponca City Rotary Club, director of the Ponca City Chamber of Commerce, chairman of its program committee, and a member of the executive committee of the Community Chest Fund. He is married and has no children.

Treasurer Peyton A Banker 50 Years

B. Murray Peyton of Duluth, new A.B.A. Treasurer, is president of the Minnesota National Bank of Duluth, a member of the Association's Administrative Committee and state chairman of the Federal Legislative Council.



B. M. Peyton

Born at Superior, Wisc., in 1870, Mr. Peyton has been a banker 50 years. His banking career began in 1889 when he became a messenger for the American Exchange Bank in Duluth.

In 1897, he organized a private bank with \$5,000 capital at Superior, and later absorbed it into the Superior State Bank, which he also organized. He was active in forming numerous banks in Minnesota until 1920, when he organized the Minnesota National Bank. He is chairman of the board of the Superior State Bank.

Mr. Peyton is a member of the advisory committee of the Reconstruction Finance Corporation for the Ninth Federal Reserve District and a director of Terminal Realty Corporation of Duluth. Since 1919 he has been a director of St. Luke's Hospital, Duluth, and has taken an active part in community and civic interests.

Mr. Peyton married Anna Evelyn Phillips of Amsterdam, New York, in 1902. They have one son, Hamilton Stewart Peyton, who is now a vice-president of the Minnesota National Bank.

J. W. Brislawn Retires as Washington Secretary

J. W. Brislawn, for 12 years secretary of the Washington Bankers Association, has retired. The association's executive committee, granting his request for retirement, expressed its regret at the loss of Mr. Brislawn's services.

The New Vice- presidents

Here are the new Vice-presidents of the Association's various divisions:

State Bank: Harry A. Bryant, president, Parsons State Bank, Parsons, Kans.

Savings: Roy R. Marquardt, assistant vice-president, First National Bank, Chicago.

National Bank: Andrew Price, president, National Bank of Commerce, Seattle.

Trust: Carl W. Fenninger, vice-president, Provident Trust Company, Philadelphia.

State Secretaries: L. S. Scarboro, Colorado, first vice-president; Armitt H. Coate, New Jersey, second vice-president.



Roland E. Clark

Roland E. Clark Is World War Veteran

Roland E. Clark of Portland, Me., President of the Trust Division, is vice-president in charge of the trust department of the National Bank of Commerce in Portland. He served as Division Vice-president in 1938-39.

Born in 1879 in Houlton, Me., Mr. Clark attended Bowdoin College, where he was graduated with the A.B. degree in 1901. Then he studied law at Georgetown University, which granted him the degree of LL.B. in 1904. Throughout his law study, he served in Washington as secretary to Representative Llewellyn Powers of Maine.

In 1905, he was admitted to the Maine bar and thereafter practiced law in Houlton until 1917 when he entered the U. S. Army for overseas service as second lieutenant of Infantry. He saw active duty in France for 25 months, and at the close of the war left the



William S. Elliott

Elliott Named State Bank Division Head

A Georgia banker, William S. Elliott of Canton, heads the State Bank Division this year.

President of the Bank of Canton, Mr. Elliott is a member of the A.B.A. Executive Council and its Committee on Federal Legislation. He was divisional Vice-president last year.

Mr. Elliott was born in Newton County, Georgia, in 1877, and after attending public schools and business college, studied law. In 1899, he was appointed bookkeeper in the United States Treasury in Washington, and subsequent promotions in that department took him through the posts of section chief, Chief of Division of Securities, Registrar of the Treasury, and Deputy Commissioner of Public Debt.

From this last position, he resigned in 1922 to become vice-president and cashier of the Bank of Canton in which he had acquired an interest. In January 1938 he was elected president of that bank.

He served as president of the Georgia Bankers Association in 1932-1933 and is now a member of its legislative committee. His other state group posts include the vice-chairmanship of the Unit Bankers of Georgia and membership in the County Bankers Association, of which he was vice-president in 1931.

Mr. Elliott is an ex-officio member of the A.B.A. Bank Management Commission.

service with the rank of major of infantry after serving first as assistant division adjutant of the First Regular Division and later as assistant adjutant general of the First Army.

He has long been active in Maine banking circles. An organizer of the Corporate Fiduciaries Association of Maine in



Melvin Rouff

Rouff President of National Banks

Melvin Rouff of Houston, Texas, President of the National Bank Division, is senior vice-president of the Houston National Bank. He was vice-president of the Division during the year 1938-1939.

Mr. Rouff was born in 1894 in Victoria, Texas, and in 1900 moved to Houston, where he has since remained. In 1910, he was graduated from the Houston High School, but he began his banking career prior to completing his education by working during his Summer vacations for the old Union Bank and Trust Company of Houston.

Immediately after graduating from high school, he became assistant cashier of the Tinker Bank and Trust Company, Houston. A year later he joined the Houston National Bank, which he has served as assistant cashier, cashier, and vice-president.

Mr. Rouff has been active in Texas banking circles throughout his career. After being chairman of the legislative committee of the Texas Bankers Association, he became its secretary in 1920 and its president in 1933.

His activities in the American Bankers Association have included membership in its Executive Council and Bank Management Commission, and the chairmanship of the National Bank Division's Executive Council and the Non-Cash Collection Committee.

Mr. Rouff is a bachelor and lives with his mother.

1925, Mr. Clark was its president for the first three years of its history. From 1929 until 1932 and again from 1935 to 1938, he was a member of the Executive Committee of the Trust Division. He is an Overseer of Bowdoin College.



A. George Gilman

Gilman Chosen By Savings Division

The Savings Division President, A. George Gilman of Malden, Mass., is president of the Malden Savings Bank.

A native of Marshfield, Vt., Mr. Gilman attended Goddard College and then made his home at Hudson, Mass., where he worked as a clerk in a drug store. Entering the Hudson Savings Bank in 1913, subsequent promotions brought him to the position of treasurer. In 1933, he became president of the Malden Savings Bank.

He is a member of the I.O.O.F., Elks, Masons, American Legion, and Rotary Club, and a trustee and director of several educational institutions. He is active in civic affairs in his own community.

Mr. Gilman has served as a member of numerous committees of the Savings Banks Association of Massachusetts, and is now president of the association. In addition, he is also active in the National Association of Savings Banks.

He was Vice-president of the A.B.A. Savings Division during the past year.



C. C. Wattam

C. C. Wattam, Lawyer, Heads State Secretaries

The new President of the State Secretaries Section, C. C. Wattam of Fargo, N. D., is city attorney of Fargo and secretary of the North Dakota Bankers Association.

Mr. Wattam was born in Warren, Minnesota, in 1888. After attending high school and business school, he obtained his legal education through private study while working as a court reporter. Since 1921, he has engaged in the practice of law and is at present a partner in the firm of Thorp, Wattam, and Vogel.

In 1937-38 he was president of the Central States Conference of Bankers Associations and has been secretary of the North Dakota Bankers Association since 1932.

Mr. Wattam is married and has three children.

J. W. Massie Elected Auditors' President

J. W. Massie, auditor of the Republic National Bank, Dal-

Association's Commission and Committee Heads for 1939-40

Here are the chairmen of the American Bankers Association commissions and committees for the administration of President Hanes:

Administrative Committee: Robert M. Hanes, president, Wachovia Bank & Trust Company, Winston-Salem, N. C.

Committee on Federal Legislation: A. L. M. Wiggins, president, Bank of Hartsville, Hartsville, S. C.; **Subcommittee on Bankruptcy,** Frederick A. Carroll, vice-president, National Shawmut Bank, Boston; **Subcommittee on Section 5219 U. S. Revised Statutes,** Charles P. Blinn, Jr., vice-president, Philadelphia National Bank; **Subcommittee on Taxation,** Charles H. Mylander, vice-president, Huntington National Bank, Columbus, O.

Finance Committee: P. D. Houston, chairman of the board, American National Bank, Nashville, Tenn.

Committee on Membership: Dunlap C. Clark, president, American National Bank, Kalamazoo, Mich.

Committee on State Legislation, Carl K. Withers, president, Lincoln National Bank, Newark, N. J.

Insurance and Protective Committee: William B. Glad-

las, was elected president of the National Association of Bank Auditors and Comptrollers at its Seattle convention.

Charles Z. Meyer, comptroller of the First National Bank of Chicago, is the new first vice-president. Second vice-

ney, executive vice-president, Fidelity Bank and Trust Company, Baton Rouge, La.

Foundation Trustees: William C. Potter, chairman of the board, Guaranty Trust Company, New York.

Agricultural Commission: J. H. McBirney, president, National Bank of Commerce, Tulsa, Okla.

Bank Management Commission, J. Harvie Wilkinson, Jr., vice-president, State-Planters Bank & Trust Company, Richmond, Va.

Commerce and Marine Commission, Fred I. Kent, director, Bankers Trust Company, New York.

Economic Policy Commission, Leonard P. Ayres, vice-president, Cleveland Trust Company.

Public Relations Council, Samuel N. Pickard, president, National Manufacturers Bank, Neenah, Wisc.; **Committee on Public Education,** Frank M. Totton, second vice-president, Chase National Bank, New York.

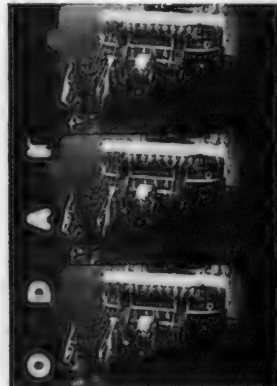
Research Council, Leonard P. Ayres.

The Graduate School of Banking, Board of Regents, Lewis E. Pierson, honorary chairman, Irving Trust Company, New York.

president is Cecil W. Borton, auditor of the Irving Trust Company, New York. O. A. Waldow, auditor of the National Bank of Detroit, is secretary-treasurer.

All Aboard!

The movie strips below record the cruise to Victoria, B. C., taken by American Bankers Association Convention delegates aboard two ships. At the left, President and Mrs. Benson about to embark.



FROM THIS TO THIS in 50 years!

Too often we think of "progress" in the past tense. The fact is, of course, progress is a continuing process.

Thus, the new COMPTOMETER BANK PROOF UNIT represents the very latest in the handling of "bulk figure work" found in the Proof and Bookkeeping Departments.

Fifty years from now this new Comptometer unit, *built especially for banking use*, will be outmoded—but TODAY it offers bankers a *new way to figure-work ECONOMY!*

The substantial savings made possible by this new Comptometer unit, and by Comptometer methods, are a product of three primary factors:

- ★ **GREATER SPEED**—and a consequent saving of time
- ★ **SIMPLIFIED ROUTINE**—and the elimination of costly "waste motion"
- ★ **COMPELLED OPERATING ACCURACY***

This "Comptometer economy" applies to both "proving deposits at the source," and to bookkeeping.

In the bookkeeping department, the Comptometer proof plan proves the accuracy of each individual posting — spots errors at the point of error, so that it is not necessary to complete the whole posting procedure before determining whether accounts balance. It proves that the correct accounts were handled; that old balances were picked up accurately; and that individual debits and credits were posted to the correct accounts.

May our local representative acquaint you *fully* with this newest development in handling bank figure work? Telephone your Comptometer office . . . or write direct to Felt & Tarrant Mfg. Co., 1711 N. Paulina St., Chicago, Ill.

*COMPTOMETER ACCURACY is literally compelled by the Controlled-Key (which checks fumbled or incomplete key strokes) and by other exclusive Comptometer accuracy safeguards.



COMPTOMETER

**BANK
PROOF
UNIT**

Bank Robberies Continue Decline

Small Towns Still Most Vulnerable

There were 123 bank robberies in the year ended August 31 last, a new low since 1916, reports James E. Baum, Deputy Manager of the American Bankers Association, secretary of the Insurance and Protective Committee.

It was the seventh successive year of reduction in bank burglaries and holdup attacks, and contrasts with 631 crimes of violence in 1932, the peak year.

Burglars and bandits nevertheless took \$500,000 in cash and securities from banks in 32 states. Three bank employees and six bandits lost their lives.

"As usual," reports Mr. Baum, "bandits strike most often against banks in the smaller communities and branches in outlying or suburban sections. Fifty-two of the 109 daylight holdups reported this year were directed against banks in towns of less than 10,000 people and 40 other raids found branches the targets."

Forty-one banks displayed no resistance or means of prevention. In some cases only one employee was on guard.

Holdups were frustrated in 21 banks by protective equipment.



The F.A.A. in Canada

Top, delegates to the Financial Advertisers Association convention at Toronto have their picture taken at the Royal Canadian Yacht Club. The other photo shows one of the general sessions

School Savings Net Shows Slight Gain

A total of \$12,854,113 was deposited by 2,543,472 children in school savings accounts during the year ended June 30, 1939, according to the annual survey by the Savings Division, American Bankers Association.

W. Espey Albright, Division secretary, reported that of this amount, \$3,246,840 remained

on deposit at the year's close, compared with \$3,240,460 of net savings in the previous year.

The increase in net was made notwithstanding a drop of almost \$1,000,000 in total deposits. This showing is attributed by Mr. Albright to "easier living conditions which obtained this year."

Rush "Paton's Digest"

Many advance orders have been received by the American Bankers Association for the new edition of *Paton's Digest*.

Final work on the first of the three volumes is now being rushed at the Association's headquarters in New York, and publication is expected late in the year.

CONVENTIONS

American Bankers Association

Dec. 7-8 Regional Conference, The John Marshall, Richmond, Virginia

1940

Feb. 13-15 Mid-Winter Trust Conference, Waldorf-Astoria Hotel, New York City

Mar. 21-22 Regional Conference, Denver, Colorado

June 3-7 American Institute of Banking, Statler Hotel, Boston, Massachusetts

State Associations

1940

Apr. 4-6 Florida, Palm Beach Biltmore Hotel, Palm Beach

May 2-3 Oklahoma, Tulsa

May 6-8 Missouri

May 13-15 Mississippi

May 15-16 Indiana, Claypool Hotel, Indianapolis

May 15-16 South Dakota, Watertown

May 23-25 Virginia, Roanoke

May 28-29 Illinois, Palmer House, Chicago

June 3-5 Iowa

June 5-7 Minnesota, Minneapolis

June 5-9 District of Columbia, The Homestead, Hot Springs, Virginia

June 6-8 West Virginia, Green Brier Hotel, White Sulphur Springs

June 11-12 Wisconsin
June 14-15 North Dakota, Minot
Aug. 26 Nevada, Winnemucca

Other Organizations

Dec. 3-5 Texas Association of Finance Companies, Fort Worth, Texas

Dec. 4-5 Annual Convention, National Industrial Council, Waldorf-Astoria, New York City

Dec. 6-8 Annual Convention, National Association of Manufacturers and Congress of American Industry, Waldorf-Astoria, New York City

1940

Jan. 17-19 Missouri Bankers University Conference, University of Missouri, Columbia, Missouri

Jan. 22-26 Sixth International Heating and Ventilating Exposition, Cleveland, Ohio

Jan. 24-26 Louisiana Bankers Conference, Louisiana State University, Baton Rouge

Feb. 12-14 Indiana Banking Conference, Indiana University, Bloomington

May 8-10 National Association of Mutual Savings Banks, Statler Hotel, Boston, Massachusetts

May 17-18 Regional Conference, National Association of Bank Auditors and Comptrollers, Minneapolis, Minnesota



A few steps in the wrong direction, and a trusted bank man can get so hopelessly mired in dishonesty that the bank he betrays may become seriously involved, too.

But the institution that has an F&D Bankers Blanket Bond always stands

on firm ground. Time and all kinds of tests have proved that.

For competent advice concerning your insurance problems, we suggest that you consult the F&D's local representative, who, like yourself, is a specialist in his particular field.

FIDELITY and DEPOSIT

COMPANY OF MARYLAND, BALTIMORE

FIDELITY, SURETY AND
BANKERS BLANKET BONDS



BURGLARY, ROBBERY, FORGERY
AND GLASS INSURANCE

Reader's Interlude

Three Lobby Libraries

The Lobby Library idea, which BANKING put forward last month, is now in the laboratory stage. Three banks kindly volunteered for guinea pig service and have placed in their lobbies shelves of books which their customers may take home and read free of charge. All the titles are nonfiction—books of current interest and importance.

Now it's up to the customers. Fairly definite returns from the Three Volunteers should be in by next month and we'll report promptly as to whether the idea of borrowing books from banks appeals to this sample of the public.

PITY the poor reporter of economics! Scarcely had he gone through the labyrinth of cause and effect, boom, depression, nationalism and general upheaval that followed the World War than he saw War No. 2 staring at him.

Interpreters of the dismal science have a busy future, and few will envy them their job of exposition, explanation and appraisal when they settle down with the contemporary historians to analyze, dissect and label the parts of the world's economy that will be left in the event of a long war.

But don't feel too sorry for them. It's their business, and they love it.

World Economy

Waiting for the new war's first book crop, which presumably is now germinating, there's an opportunity to catch up on some pre-war titles. One is *World Economy in Transition* by Eugene Staley (Council on Foreign Relations, New York, \$3). The author, Associate Professor of International Economic Relations at Fletcher School of Law and Diplomacy, prepared this study as a report for the recent International Studies Conference at Bergen, Norway. Analyzing the changes that "power politics" and technology have wrought, Professor Staley sounds a keynote of cooperation, national and international. Free enterprise and "the principle of conscious control over economic life" must work side by side, and to accomplish this, laissez faire must be made competitive rather than monopolistic, and planning positive rather than restrictive.

But what should be and what is are horses of a different color, and policies "dictated by the quest for military power, whether for attack or to resist attack, make efficient functioning of a world economy impossible."

Unfortunately, theory waits on practice.

Foreign Trade

Two other books with international horizons are Percy W. Bidwell's *The Invisible Tariff*, also published by the Council on Foreign Relations (\$2.50), and *The Forward Way* by Francis Bowes Sayre (Macmillan, New York, \$2.75). Mr. Sayre, writing as Assistant Secretary of State and chairman of the Executive Committee on Commercial Policy, tells about the American trade agreements program. Mr. Bidwell, who is the Council's Director of Studies, discusses the "maze of administrative and legislative restrictions which are often more effective than tariff rates in curbing imports."

Mr. Sayre offers the layman a not too technical survey of the trade agreements and what they have accomplished.

The program, he believes, represents "a significant and an important step" toward the liberalized trade essential in a world in which no industrial nation can be economically self-sufficient. As for the trade agreements themselves, he says their real effect is to increase the volume of our foreign commerce.

Mr. Bidwell's review of our invisible tariff, which originated in the growth of protectionism and the increase of regulation through the police powers of national and state governments, covers customs formalities and procedures, import restrictions, dumping, administrative controls, and measures designed to protect the public welfare and the health of plants and animals.

Personal Finance

Extensive facts, figures and observations on consumer credit make *Personal Finance Comes of Age*, by M. R. Neifeld (Harper, New York, \$3.50) a source book for information about the small loan business. Dr. Neifeld, economist of the Beneficial Management Corporation, presents his subject authoritatively in text, chart and statistical table, covering such aspects as social and legislative changes, saturation, organization of the business, and a detailed close-up study of the borrower. One of the three sections considers personal finance company operations.

Here, in part, is the author's composite picture of the American Borrower:

He is a comparatively young man between 30 and 40 years of age and is the head of a normal, healthy, average family. One cannot help being struck by the decency and the high code of self-respect and self-reliance which is shown. This average borrower asks no favors, is content with what is his earned right and due, and lives up to the letter and the spirit of his contracts. . . .

When this good citizen makes application for a loan he asks for only enough to cover his immediate needs. He is on the whole fairly well off, if not in terms of annual pay certainly in terms of life tenure. He is often purchasing his own home and frequently carrying somewhat more of a burden along that line than he can comfortably manage; therefore, while his own loan is usually between \$100 and \$150 the most important reason for borrowing is to pay medical expenses and consolidate small debts in order that they may be more efficiently handled. . . .

The average borrower earns from \$1,200 to \$1,600 a year, but it cannot be too frequently emphasized that to him his earnings, because they are stated in terms of hourly or weekly earnings, appear much larger than they actually are. . . .

Dr. Neifeld is the author of *The Personal Finance Business* (1933).

Miscellaneous

The final 1939 edition of the Bankers Directory (Rand McNally, Chicago, \$15) is up to date, as of August, with complete national and international banking information. This "Blue Book" takes care of all bank changes during the past year, making the information in 2,390 pages readily accessible.

U. S. Supreme Court Business Law Decisions 1938-39 (Commerce Clearing House, Inc., Chicago, \$1) is an annual collection of selected decisions affecting business, tax cases excepted.

Practical Credit Analysis by Eugene S. Benjamin of New York appears in a third edition at \$7. Representing a system the author-publisher developed as bank credit consultant and trade adviser, it sets forth purposes and uses of credit analysis and methods of procedure.

Why not Make More Loan Profits on this Amazing Up-Trend?



The growth of Field Warehousing as a method of financing has become a *trend*! It is estimated that over \$100,000,000 in NEW loans were based on Field Warehoused Collateral during the *past year*.

Why this rapid growth? Three outstanding reasons are:

- (1) Field Warehousing is based on the sound principle that owned *inventory is money*.
- (2) Tied-up dollars are released for work by warehousing inventory on the *premises*.
- (3) The bank loans money on the gilt-edged collateral of Warehouse Receipts. No Banker has ever lost a dollar on a loan collateralized by Douglas-Guardian Warehouse Receipts.

DOUGLAS-GUARDIAN SERVICE has expanded soundly to meet the increasing demand for dependable Field Warehousing Service. We have a nation-wide reputation for efficient, careful handling of the many important details of this specialized service. The heads of our business have had over 16 years of *successful experience in the field*.

WRITE us please about loan situations you think our service might fit. Also WRITE for a copy of our BOOKLET to read and keep for reference.



Write for
FREE Booklet

A concise yet comprehensive explanation of Field Warehousing and of Douglas-Guardian specialized experience.

DOUGLAS-GUARDIAN WAREHOUSE CORPORATION

Nation-wide Field Warehousing Service

New Orleans, La. 118 N. Front St.	Chicago, Ill. 100 W. Monroe St.	New York, N. Y. 50 Broad St.	Dallas, Texas Tower Petroleum Bldg.	Rochester, N. Y. Commerce Bldg.	Easton, Md. 428 South St.	Portland, Ore. U. S. National Bank Bldg.
Cincinnati, O. Union Trust Bldg.	Memphis, Tenn. 105 Porter Bldg.	Springfield, Mo. Holland Bldg.	Cleveland, Ohio Union Commerce Bldg.	Los Angeles, Cal. Garfield Bldg.	San Francisco, Cal. 485 California St.	Tampa, Fla. 416 Tampa St.
						Atlanta, Ga. 2185 Belvidere, S. W.

November 1939

57

METHODS and IDEAS

This department of BANKING is conducted by our Methods and Ideas reporter, John J. McCann. Further information regarding the bank equipment mentioned here may be obtained from the office of BANKING, 22 East 40th Street, New York City

Omnibus Ad

LINCOLN-ALLIANCE BANK AND TRUST COMPANY of Rochester (New York) demonstrates that its lending facilities are actually a "department store of finance" by adopting the department store technique of omnibus advertising. As the term implies, omnibus advertising carries several separate ads on the same newspaper page, pyramided one over the other in the usual manner. An array of seven individual ads, each devoted to a separate type of loan, all sponsored by one institution certainly drives home the loan story with a punch that may not otherwise be accomplished in grouping the story in a single advertisement. Lincoln-Alliance specified different type faces and layout for each of the ads, as is common to this type of promotion. There is, of course, no additional cost involved in the space rates.

Building Dividends

UNION BANK OF MICHIGAN (Grand Rapids) adds a bit of lively interest to its mailing piece searching out new prospects for loans. Instead of a tritely written, mechanically processed form letter, Union Bank dressed up its appeal in the guise of an "extra dividend". First quick impression of the green safety-paper appearing in the window



WINDOW STOPPER

The public was greatly interested in this display of Brady Gang equipment shown by a Syracuse bank. (See page 60.)

slot of the folder is—something important! Copy on the face of the folder builds up the story that everyone wants an extra dividend—and the way to earn it for the bank is to refer likely prospects for loans to the bank. To follow through on this suggestion, the folder also contains a small introduction card, which the folder copy suggests should be passed along to a friend or acquaintance as a personal introduction to the bank services on auto, personal or business loans.

Check-Up

CENTRAL NATIONAL BANK (Yonkers, New York) placed its operation policies squarely before the public recently by means of an unusual questionnaire survey. Set up as a 4-page folder, in-

troductory copy explained that the bank is less than 10 years old, with no time-honored traditions to maintain or a past to regret. Hence, it states, the sole objective is to render modern banking service in a spirit of modern helpfulness. Logically, it points out that the best way to carry out this aim is to learn what local people want and give them *more* of it, find out what they do not like and give them *less* of it. Inside pages contained nine direct questions on management, policies and service. A footnote invited severe criticism, if any existed. Space was provided for signature and address—"for those not too modest to sign their name". Self addressed, stamped return envelope was enclosed. Several hundred replies were received post haste—including six complaints—which, needless to say, were most welcome and promptly mended.

Memory Lane

IRVINGTON NATIONAL BANK (Irvington, New Jersey) sponsors a series of newsads well off the beaten track of institutional approach. The series is headed: "DOWN MEMORY LANE—from the files of the Irvington Herald 25 years ago." Copy reprints newsbits of general public interest, personal items, miscellaneous facts and statistics. Here and there parallels are drawn with existing conditions. Bank selling copy appears occasionally and it is tied to one or another points expressed in the headlines and by-lines of bygone days.

NEW BUSINESS GETTER

Here is the "extra dividend" idea described above

UNION BANK OF MICHIGAN GRAND RAPIDS, MICHIGAN

An Extra Dividend is what we would all like to have. You can help make such an extra dividend possible. Union Bank earnings come from loans made by the bank. Will you help direct such desirable business

to your bank, thereby helping yourself by increasing earnings which will make possible the continuation of our regular dividends and perhaps make it possible to pay a special dividend.

EXTRA DIVIDEND

All loans repayable on convenient terms.

UNION BANK OF MICHIGAN
Ottawa at Eastlake
Grand Rapids, Michigan

Introducing

who is interested in a loan for
() AUTO FINANCING () PERSONAL () BUSINESS

introduced by

Without any obligation on my part.

Keep the Staff Posted

IF EMPLOYEES ARE TO KNOW what the customers coming to the bank are told to expect through newspapers, radio and other media, some opportunity should be given to them to preview the plans in the interest of harmonious public relations. Nothing could be more exasperating to a customer than to catch an employee off guard with a question provoked by copy in a current advertisement. Counter line information is far more vital to effective advertising and promotion than any phase of mechanical planning or production. Slackness in this respect is one of those problems which seldom come to light, and yet one that should be taken for granted unless some precautions are in effect. Posting current ads on employee bulletin boards solves one phase. Posting complete schedules of direct mail, radio announcements, themes and approaches in all other media helps still more. If this is supplemented by talks and instructions at group meetings, the job is then done thoroughly.

He Who Waits

PITY THE PATRON WHO WAITS—and waits—in the outer office for an interview. Pity more the precious time idled away, and still more the needless wear on dispositions and goodwill. No one likes to wait. But this situation naturally occurs day after day in busy institutions. It can be relieved without fuss or undue trouble by providing a diversion—and there is none better than interesting reading matter. Large corporations remember this simple courtesy for visitors and salesmen, doctors keep their patients preoccupied and barbers find it mighty helpful to business when customers have to sit down and wait. Few banks give much thought to this helpful public relations point. But, like the Puritan Bank & Trust Company of Meriden, Connecticut, and others which have tested reactions, this courtesy is greatly appreciated.

Loan Chart

A REVISED FEDERAL HOUSING LOAN CHART showing minimum down payments required and approximate monthly payments on typical property valuations has just been released by California Bank, Los Angeles. Based on the new $4\frac{1}{2}$ per cent interest rate, the chart breaks down the total monthly payment and shows the amount diverted to principal and interest, mortgage insurance cost, and estimated monthly payments required to amortize fire insurance and taxes. Under Plan I which covers the popular 90 per cent loan

available to owner occupants of single family urban, suburban or rural homes for periods as long as 25 years, the chart shows, in the case of a home with an appraised value of \$5,000, a minimum down payment of \$500 with monthly payments for 25 years of \$38.43.

The breakdown of the monthly payment shows \$25.01 principal and interest, \$1.87 mortgage insurance, approximately 75 cents fire insurance and an estimated \$10.80 for taxes. Loans of this type must be approved for mortgage insurance prior to beginning construction. A footnote explains that the estimated mortgage insurance pre-

mium is for the first year only, as it will diminish each year as the principal is reduced. The estimate for fire insurance varies with localities and tax estimates are averages based on taxes levied for 1938-39 in the Los Angeles territory.

Display Program

WABEEK STATE BANK of Detroit pursues an interesting policy in granting free display privileges to any and all industrial, commercial, civic or educational institutions in the 20 or more display windows of its main and downtown offices. Aside from maintaining a



The First National Bank of Chicago

Statement of Condition October 2, 1939

ASSETS

Cash and Due from Banks,	\$444,959,555.05
United States Obligations—Direct and fully Guaranteed, Unpledged,	\$298,899,740.44
Pledged—To Secure Public Deposits,	30,914,111.28
To Secure Trust Deposits,	33,801,551.80
Under Trust Act of Illinois,	550,000.00
Other Bonds and Securities,	364,165,403.52
Loans and Discounts,	72,715,202.43
Real Estate (Bank Building),	251,563,176.08
Real Estate (Bank Building),	5,941,630.73
Other Real Estate,	1,262,481.42
Federal Reserve Bank Stock,	1,875,000.00
Customers' Liability Account of Acceptances,	1,881,911.79
Interest Earned, not Collected,	3,855,084.42
Other Assets,	370,700.50
	<u>\$1,148,590,145.94</u>

LIABILITIES

Capital Stock—Common,	\$30,000,000.00
Surplus Fund,	32,500,000.00
Other Undivided Profits,	5,180,452.81
Discount Collected but not Earned,	650,527.99
Reserve for Taxes, etc.,	2,350,482.15
Liability Account of Acceptances,	2,357,003.75
Time Deposits,	\$178,462,479.38
Demand Deposits,	806,320,201.37
Deposits of Public Funds,	90,767,695.12
Liabilities other than those above stated,	1,303.37
	<u>\$1,148,590,145.94</u>

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition as at close of business
September 30, 1939

RESOURCES

Cash and Due from Banks	\$233,593,429.19
U. S. Government Securities	273,198,269.01
State and Municipal Bonds	23,389,690.81
Stock of Federal Reserve Bank	2,254,200.00
Other Securities	55,604,146.56
Loans, Bills Purchased and Bankers' Acceptances	203,423,656.96
Mortgages	20,204,049.77
Banking Houses	12,862,189.52
Other Real Estate Equities	3,702,466.21
Customers' Liability for Acceptances	6,629,205.90
Accrued Interest and Other Resources	2,376,723.05
	\$837,238,026.98

LIABILITIES

Preferred Stock	\$ 9,140,520.00	
Common Stock	32,998,440.00	
Surplus and Undivided Profits	39,241,356.66	81,380,316.66
Reserves		4,266,303.63
Common Stock Dividend (Payable October 2, 1939)		824,959.00
Preferred Stock Dividend (Payable October 15, 1939)		228,513.00
Outstanding Acceptances		10,796,967.34
Liability as Endorser on Acceptances and Foreign Bills		1,931,908.26
Deposits		737,809,059.09
		\$837,238,026.98

DIRECTORS

EDWIN M. ALLEN President, Mathieson Alkali Works, Inc.	PAOLINO GERLI Vice-President, E. Gerli & Co., Inc.	JOHN P. MAGUIRE President, John P. Maguire & Co., Inc.
CHARLES K. BEEKMAN Beekman, Bogue, Stephens & Black	HARVEY D. GIBSON President	C. R. PALMER President, Cluett, Peabody & Co., Inc.
EDWIN J. BEINECKE Chairman, Sperry & Hutchinson Co.	CHARLES L. HOGAN President, Lone Star Cement Corporation	GEORGE J. PATTERSON President, Seranton & Lehigh Coal Co.
EDGAR S. BLOOM President, Western Electric Co., Inc.	JOHN L. JOHNSTON President, Lambert Company	HAROLD C. RICHARD Chairman, General Bronze Corporation
CHARLES A. DANA President, Spicer Manufacturing Corp.	OSWALD L. JOHNSTON Simpson Thacher & Bartlett	HAROLD V. SMITH President, Home Insurance Co.
ELLIS P. EARLE President, Nipissing Mines Co.	CHARLES L. JONES Executive Vice-President, National Distillers Products Corp.	ERNEST STAUFFEN, JR. Chairman, Trust Committee
HORACE C. FLANIGAN Vice-President	GEORGE MACDONALD Chairman, Federal Home Loan Bank of New York	GUY W. VAUGHAN President, Curtiss-Wright Corporation
CHARLES FROEB President, Lincoln Savings Bank	SAMUEL McROBERTS New York City	HENRY C. VON ELM Vice-Chairman of the Board

Principal Office: 55 Broad Street, New York City

67 BANKING OFFICES IN GREATER NEW YORK

European Representative Office: 1, Cornhill, London, E. C. 3

Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation

Both Common and Preferred shares have a par value of \$20 each.
The Preferred is convertible into and has a preference over the
Common to the extent of \$50 per share and accrued dividends.

high standard of quality and visual presentation of the story, the only restriction placed upon an exhibitor is that the display must have an educational motive.

Over 200 exhibits have been shown. These demonstrated manufacturing processes of local products, operations of city government, charity work and many other facts pertaining to life in the city.

Each exhibit runs for a two week period, but may be transferred to the main or downtown branch for two additional weeks if unusual interest is provoked. Bank advertising appears only in windows temporarily idle. Four days after each new exhibit is installed the bank sends a complimentary note to the company represented, and follows later with a note of appreciation when the display is replaced. President George B. Judson says: "We are not only building goodwill, but likewise doing a worth while educational job. It is mutually beneficial to the city and to us."

Window Stopper

LINCOLN NATIONAL BANK AND TRUST COMPANY (Syracuse, New York) treated the public to an object lesson in the fact that "crime does not pay" with a recent window exhibit. Crowds gathered through the day to see a formidable collection of firearms, safe-breaking equipment, tear-gas bombs and sundry items seized by J. Edgar Hoover's G-men several years ago in a spectacular raid on the Brady Gang's hangout in Baltimore. Though this type of window dressing may not appeal to the artistic sense, it holds tremendous public interest. And, moreover, it provides an excellent background for a pertinent public-spirited message on crime. The exhibit was arranged by the local office of F.B.I.

The Personal Plan

THE "AUTOMATIC" SAVINGS PLAN, devised by the Personal Loan & Savings Bank (Chicago) encourages systematic deposits on a permanent basis. The plan consists of duplicate coupon deposit tickets, bound in books of 12 or 24, each set pre-cut for due date and amount when issued to new customers. Due dates are punched in a calendar type schedule and deposit amount is perforated through the entire book. The coupon is divided into two parts—deposit ticket and customer's receipt, similar to popular Christmas Club systems. A special 2½ per cent interest coupon is inserted after each sixth

(CONTINUED ON PAGE 62)

*Would you rather
lose \$10,000
from this pocket?*

... or this?



That's the idea back of the

*NEW way of buying insurance

If you lose \$10,000 it doesn't make the slightest difference *how* you lose it—it's gone!

The NEW way of buying insurance starts with that fact. Then it considers all risks to which you are exposed, with emphasis on the *amount at risk*, rather than the probability of loss. It leaves no loopholes for *big* losses, no matter how unlikely they may seem.

Undoubtedly you've "taken out" policies against the usual risks. But have those risks remained the

same? *And how about the risks your clients and customers run? Their losses may become your losses.* For your own protection, you must see that they, too, are properly covered.

The NEW way of buying insurance may save you thousands of dollars. It fits your insurance to your exact and changing needs—gives you not just policies, but real *protection*.

To get details on the NEW way, call Western Union (in Canada, call Canadian National Telegraphs) and ask for the name of the nearest Hartford representative. Or get in touch with your own insurance broker.



*This is called the NEW way because it is new to most buyers of insurance. But as a method of fitting an insurance program to the buyer's needs, it has long been practised by agents of the Hartford.

**Hartford Fire Insurance Company
Hartford Accident and Indemnity Company**

HARTFORD, CONNECTICUT

CONSIDER the dividend check. Quarterly or semi-annually they are sent by mail to millions of shareholders.

Newspapers report and comment on these periodic payments; economists and statisticians compile records and adjust charts.

The efficient machinery provided by our banking system, making possible this convenient method of profit distribution, is another of the many valuable public services rendered by banks.

... THE ...

PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

Capital, Surplus and Undivided Profits
\$41,000,000

Member of Federal Deposit Insurance Corporation

METHODS—Continued

deposit coupon, providing automatic interest credit when earned.

The plan is built upon monthly rather than weekly schedules. Its success is laid to the fact that it places thrift upon the same basis as popular installment programs. The interest feature offers a worthy goal. The plan tries to discourage withdrawals, but permits them nevertheless. Withdrawals do not affect interest earnings on remaining balances, unless the earned interest in a six-month period is less than 25 cents—in which case no interest is paid.

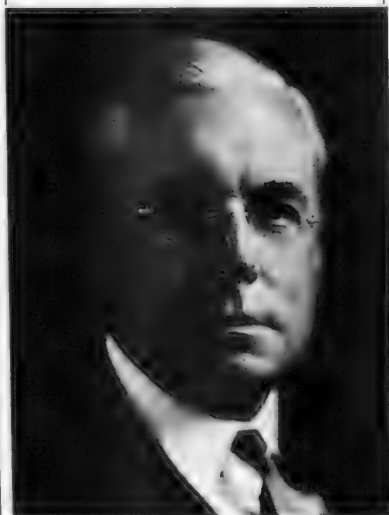
Protective Mortgage

G. ALLAN HUGGINS, assistant treasurer, Strafford Savings Bank, Dover, New Hampshire, recently devised a "monthly savings protective mortgage plan." The procedure follows:

Assume a \$5,000 mortgage loan has been granted at 5 per cent interest. Thereupon the mortgagor immediately opens a special joint savings account and agrees to deposit \$35 monthly—figured at the minimum rate of \$7 per \$1,000 of loan including interest and amortization on an 18-year basis. His special passbook provides a complete record of deposits—or loan repayments—and prior to withdrawals for crediting his contract, the account receives regular savings interest. The bank also encourages a special tax savings account in which the mortgagor deposits 1/12th of the previous year bill monthly.

I. B. A. PRESIDENT

Emmett F. Connely, president of the First of Michigan Corporation, Detroit, is president of the Investment Bankers Association of America



The protective feature permits the mortgagor to elect a life insurance plan based on \$500 of each \$1,000 of the loan—the premium cost being divided into 12 instalments and added to his monthly deposit. In the event of the borrower's death, the plan provides for the payment of one year's taxes and interest, and also reduction of the loan to less than 60 per cent of the original face value of the mortgage note, or less than 40 per cent of the value of the property.

There is also an earned discount feature which reduces the cost of the mortgage. The bank voluntarily grants a 10 per cent reduction in interest rate after 10 years (or $\frac{1}{2}$ of 1 per cent), providing there are no over-due items.

The mortgage contract may be written on a continuously renewable basis of six-month periods. The plan, or method of collection, does not affect the basic contract. If the bank so elects, it may discontinue amortization at the end of 10 years should this basis prove undesirable.

The joint savings account is assigned to the bank, permitting withdrawal of funds to apply to principal and interest when due. In case of death, all funds become immediately available without delay in administration. The assigned account cannot be attached. The tax savings account idea relieves the bank of bookkeeping details and eliminates constant vigilance as a result of tax changes. Fire insurance premiums may also be included in this account.

The plan is said to have many benefits over other direct reduction types of loans, particularly in handling costs. It does away with monthly interest calculations and the usual six postings required for bookkeeping purposes. This is a considerable item of expense, for estimates indicate that monthly posting cost is 30 cents, or \$64.80 on an 18-year mortgage. Per million dollars of loans, the total costs would be \$21,578.40.

Under this new plan, the borrower's transactions are handled at the bank's convenience, saving considerable time. It eliminates numerous mailing operations and correspondence. No interest or amortization notices need be sent.

Increasing Income

GRAHAM S. BOSTON, assistant cashier of the First National Bank, Wichita, Kansas, offers two suggestions for increasing bank income: (1) Make a service charge on small loans. (2) Add the cost of Federal deposit insurance to analysis charges.

In reference to the latter, he remarks:

THEY STARED AT A BLINKING GIRL

and found a new key to human comfort



These nine photos, taken with a super-speed camera, show progressive stages in the course of one blink.

OF all the strange tests and experiments carried on at the General Electric Lighting Research Laboratory at Nela Park, Cleveland, few have turned out to be of greater importance to people who buy lighting than the "Blink Test."

The test consists merely of recording the number of times a person blinks under various kinds of light. But it shows that nearly all of the hidden discomforts caused by poor seeing conditions are revealed by the "rate of blink!"

Thanks to lighting research of this type, the kind and amounts of light needed for performing various seeing tasks efficiently and with a minimum of eyestrain, can easily be determined. With a G-E Light Meter, you can measure the light accurately and tell whether your bank is sufficiently lighted for easy seeing.

Important to the success of any relighting program is the use of good lamp bulbs. Thrifty purchasers buy G-E MAZDA lamps because these lamps *stay brighter longer* . . . provide more light at no additional cost for current. Use the new, brighter 1939 G-E MAZDA lamps in your bank and in properties you manage.

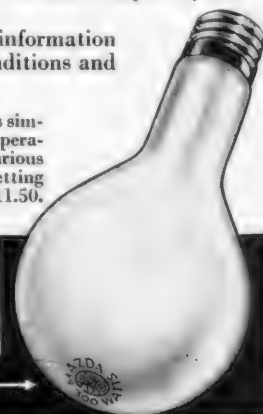
See your local electric company for further information on how good lighting can improve seeing conditions and make work go more efficiently.



A G-E Light Meter measures light as simply as a thermometer measures temperature. You can tell whether the various departments in your bank are getting enough light for safe seeing. Costs \$11.50.

G-E MAZDA LAMPS GENERAL ELECTRIC

They stay brighter longer →



"Of all analysis charges, this is one that can be figured accurately, and is a direct out-of-pocket expense. Our rate is 7 cents per \$1,000 per month of net balance. This does not yield a large amount, as accounts on which we exact this charge have rather nominal balances. Yet, in our case, it has increased the net charges to a fair amount and no one has criticized."

Mr. Boston also recommends shifting the date of releasing customers' statements from the first of the month to the second, as adopted by all Wichita banks recently. The plan was readily accepted by the customers and gives these ad-

vantages: relieves first-of-the-month lobby congestion; eliminates overtime on last day of month for the bank force; allows bookkeepers to post and balance statements and ledgers without interference.

Thrifchex

OSAGE FARMERS NATIONAL BANK (Osage, Iowa) has just announced its own version of no-minimum-balance checking under a system called Thrifchex, designed by President A. T. Altick. Method of operation follows the basic principles employed by other systems, but Thrifchex claims special distinction

in its novel, inexpensive checkbook design.

The checkbook consists of 20 regular counter checks and 5 insert pages of "check register" forms, bound separately with a single wire staple in ordinary double-weight cover stock. The cover is scored for a wallet-type fold, with one end overlapping to hold the shape securely when closed. The cover stock is attractively printed in two colors and laminated—a process which applies a coating of cellophane, rendering it impervious to dirt and adding considerable strength. The inside of the cover contains a deposit record form for teller entries.

Services for the Staff

FROM THE MANAGEMENT VIEWPOINT, employee welfare is a mighty important issue. While all sorts of conveniences may be installed to improve working conditions and stimulate morale, there is one phase frequently sidetracked as too personal an issue, or one which should take care of itself. That issue pertains to financial welfare.

Wells-Fargo Bank & Union Trust Company, San Francisco, maintains an open policy on this question. Employees are constantly encouraged to draw on the advice and experience of officers in all matters of personal finances, and are granted special terms for many of the bank's services. For example, preferential rates are available on safe deposit boxes, travelers' checks, and loans for the purchase of homes. The services of the trust department—as executor of will or trustee of life insurance—may be had, without charge during the employee's lifetime.

As to investments, the files of information and the statistical services in the investment department are open to the staff, and officers may be consulted as to individual issues or a list of securities. Any employee who so wishes may discuss arrangements to purchase stock in the bank on a monthly payment program.

Citrus Boost

WHEN ARIZONA attempted to give zest and impetus to its "baby" citrus fruit industry at home, Walter R. Bimson, president of the Valley National Bank, Phoenix, Arizona, was selected as chairman to conduct the state-wide week drive. The movement was received enthusiastically by the public, and this initial cooperative effort of citrus grower, packer, shipper and consumer chalked up another distinction for sincere, civic-minded banking.

During the week, as its own contribu-



YOU may have a free copy of this complete new Bank Insurance Check-List which shows 88 hazards to which your bank may be exposed either directly or as executor, trustee, receiver or in some other fiduciary capacity. It also shows the form of insurance that is written to cover each hazard.

For a complimentary copy, ask your local American Surety or New York Casualty Agent, or write to the home office of either Company at 100 Broadway, New York.

AMERICAN SURETY COMPANY NEW YORK CASUALTY COMPANY

HOME OFFICES: NEW YORK

Both Companies write Fidelity, Forgery and Surety Bonds
and Casualty Insurance

tion locally, the Valley National arrayed its lobby with attractive displays of fruit. Over 5,000 oranges, grapefruit, lemons and tangerines were used in tempting decorative effects; great containers of the fruits, displayed near the entrances, generously requested passers-by to "Have One"; and gracious young ladies, acting as bank hostesses, served some 700 gallons of iced grape-juice to bank patrons during the week.

This demonstration of coordinated effort to induce home state appreciation of rich citrus fruit assets gave business men a stimulating picture of the possibilities in promoting home products within the state's own domain. The campaign is said to have moved an extra 500 tons of citrus fruit during the one-week drive.

Vault Entrance Tickets

THIS SUBJECT has received a lot of attention of late and so suggests a case experience which might help determine practical methods. For some time the Third National Bank & Trust Company, Dayton, Ohio, has used continuous form entrance tickets with an electric register. This machine is built in the counter of the attendant's cage outside the vault, being convenient to customers as they enter the department. The ticket is signed by the box renter, the box number is noted and time is stamped by the attendant. The original is filed by box number and the duplicate remains in the register in continuous form. These duplicates are removed at regular intervals, bundled, dated and filed in the record vault.

The original ticket, removed immediately after it is signed by the customer, is used for comparison with genuine signature on the rental contract, if custodian has any doubt about the authority of the signer to enter vault even though he produces a key. The continuous form of ticket, being numbered, also gives the bank an accurate check at the close of the business day on the number of visits to the department. Present averages run 45,000 annually.

The compact arrangement of both original and duplicate in the electric register provides a much more accurate method of checking than the usual padded ticket, sometimes carried away or lost.

Continuous numbering also provides a double check if it becomes necessary at any time to investigate vault attendance. The compactness, duplicating feature and nominal cost of this system is highly recommended by the bank

Reason Why . . .

THERE ARE NO TWO WAYS of looking at "reason why" copy in advertising. If it presents the story clearly and understandably, folks may still disagree but they at least see the other side of the argument. Take the case of service charges. Whether high, low or moderate, there's bound to be complaint. Yet much of it can be traced to an inadequate knowledge of what goes on behind the scenes. Some banks, notably Seattle-First National Bank, have embarked on educational campaigns that really attempt to uncover the facts, present them clearly and draw a defi-

nite understanding of the overhead costs in handling what appears on the outside to be simple routine. Seattle-First National's newspaper series carries candid photos of each step in the handling of items on which service charges are imposed. Copy is clear and to the point. In addition to satisfying those who register objections, however slight, the series also puts across an educational job that helps influence new business.

New Avenues for Loans

WHILE, ADMITTEDLY, the job of finding profitable investment for bank funds

ONE HUNDRED YEARS OF SERVICE: 1839—1939

Guaranty Trust Company of New York

140 Broadway

Fifth Ave. at 44th St.

Madison Ave. at 60th St.

LONDON

PARIS

BRUSSELS

LIVERPOOL

HAVRE

ANTWERP

Condensed Statement of Condition, September 30, 1939

RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 1,100,350,665.22
U. S. Government Obligations	649,432,769.76
Public Securities	62,531,320.38
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities and Obligations	26,119,533.19
Loans and Bills Purchased	447,131,489.08
Credits Granted on Acceptances	13,149,968.11
Bullion Abroad and in Transit	1,004,368.00
Items in Transit with Foreign Branches	2,474,983.50
Accrued Interest and Accounts Receivable	11,641,065.83
Real Estate Bonds and Mortgages	4,022,421.95
	<u>2,325,658,585.02</u>
Bank Buildings	11,841,066.69
Other Real Estate	1,371,825.17
Total Resources	<u>\$2,338,871,476.88</u>

LIABILITIES

Deposits	\$2,013,675,203.66
Outstanding Checks	14,000,555.79
	<u>\$2,027,675,759.45</u>
Acceptances	\$19,561,195.12
Less: Own Acceptances	
Held for Investment	<u>6,411,227.01</u>
	13,149,968.11
Liability as Endorser on Acceptances and	
Foreign Bills	6,011,926.00
Dividend Payable October 2, 1939	2,700,000.00
Miscellaneous Accounts Payable, Accrued	
Interest, Taxes, etc.	<u>16,261,064.23</u>
	2,065,798,717.79
Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	<u>13,072,759.09</u>
Total Capital Funds	273,072,759.09
Total Liabilities	<u>\$2,338,871,476.88</u>

Securities carried at \$15,941,342.79 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

Member Federal Deposit Insurance Corporation

has been a tough one during the past year, institutions which have taken the optimistic view found just what they were after. The channels of new investment opened in some quarters is convincing evidence that traditionally poor business periods hold a harvest somewhere.

Houston National Bank, as a good example, recently announced the establishment of a new and separate department to handle loans to jobbers, manufacturers and wholesalers, secured by assigned accounts receivable on a non-notification basis. The number of such

services in the country are small compared with the tremendous volume represented in this type of loan.

"Courtesy Kit"

BANKING-BY-MAIL is not a new subject by any means, but within recent years it has become an important element of modern-day banking. Institutions have developed the service partly out of the hope of extending facilities over a wider market, partly because shifting population and building trends in some cities have taken old banking quarters out of the direct line of traffic.

Competition and other reasons also add much to the development of the present large volume. Contrary to opinions which hold the by-mail account at arm's length—because it seems to have a tendency to shift regularly—analysis has definitely proved the merit of the by-mail account on the score of low operating costs, large permanent balance and low activity. The problem of "shifting" may be something of an inherent quality of this type of account, but, as analysis points out, many such accounts belong to rural folks and that "shifting" is often closely aligned to seasonal farm activities. On the other hand, no doubt some of the "shifting" may be due to the fact that the bank is not as much on the job of servicing the account as it would be one which is banked personally. Banking forms, if doled out too sparingly, may be a source of dissatisfaction. The solution there becomes simple.

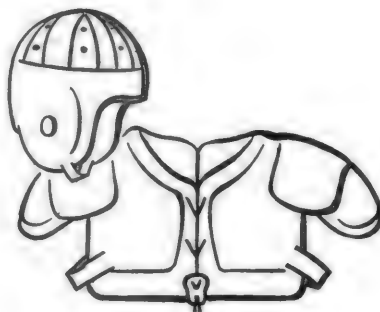
To illustrate, Union Bank & Trust Company, Los Angeles, in the thick of competition, and with only one office, resorted to banking-by-mail as a featured service. The introductory piece to each new account was a "courtesy kit" consisting of a portfolio with button fastener, which opened and provided a convenient writing pad with a supply of necessary forms in pockets, blotter and pen. Also complete by-mail information pertaining to postage and the bank service, current bank statement and other literature was included. After distributing a large quantity of these kits the bank found it unnecessary to continue the practice, the service being well enough established.

Other styles of "kits" have been used by Franklin Savings Bank of New York, National Savings Bank, Albany, Erie County Savings Bank, Buffalo, and a long list of others.

Home Prospecting

THE MAJORITY OF SMALL HOMES in the Greater Cleveland area are sold by building contractors from plans in their possession or from demonstration homes which they have built. To help extend this productive prospecting to what might be called the point of sale, the Second Federal Savings and Loan Association (Cleveland) displays a portfolio of home plans on the desk of each mortgage interviewer. These portfolios were compiled from many sets of blueprints and specifications contributed by a select group of local contractors. The portfolios contain illustrations of home and floor plans drawn to uniform scale.

One interesting phase of this presen-



Proper Equipment

Just as the modern football player is equipped with safeguards against injury on the playing field, so, too, can the modern bank secure proper protection against financial injury due to embezzlement, forgery, robbery, loss of securities and similar hazards.

A Standard Agent will gladly survey your hazards and outline a program of thorough coverage. Standard of Detroit has 55 years of experience—a record of prompt, equitable settlements.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

tation is that prices quoted by the association include the cost of building and the cost of financing. The price on each home is a packaged price.

When prospective customers indicate their preference for a certain type of home in the portfolio, they are then introduced to the contractor who furnished that particular plan. From that point on it is up to the contractor to close the deal. The association handles the financing arrangements when the contract is signed.

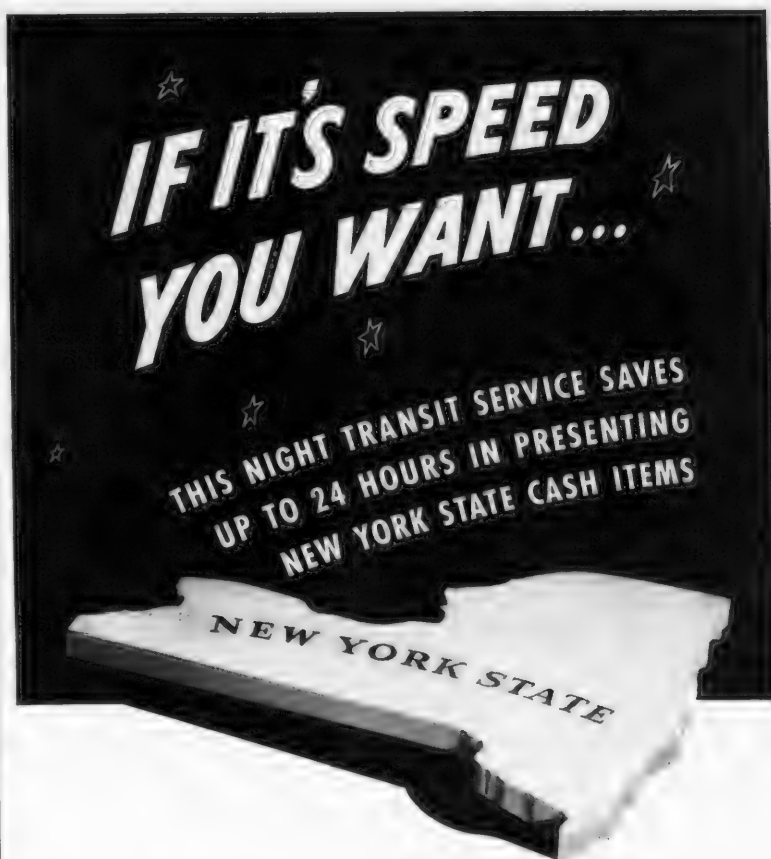
In a few short months, this plan has helped sell a large number of homes. It is recommended as a potential business builder and goes a long way toward creating good-will among the building trade.

Servicing Wills

SOME TIME AGO Central Hanover Bank and Trust Company (New York City) tested reaction among 300 wealthy customers on a servicing program of wills which the bank contemplated extending to every account in the estate department. The old saying—let sleeping dogs lie—frequently applied to any program that reopens the question of wills with the possibility of disturbing relations, certainly was proved a fallacy in this case. Test reactions were immediate and distinctly favorable; in practically every case appreciation was expressed during the interview, and in a number of instances new documents were prepared and executed.

The bank then undertook the huge task of servicing every will on its records. During this period 20 per cent of the department's time, otherwise devoted to solicitation, was spent on this program of retention selling. The purpose of this procedure was threefold. First, the friendly call was aimed at closer relations with the customer; second, if the bank was still named as executor, the interviewer invited a discussion of necessary and desirable changes in the will (if executor had been changed, the call provided an opportunity to regain lost business); and, third, the purpose was to use customers as a source of additional new business. In this servicing work every effort was made to call upon both customer and attorney wherever feasible. In every case the approach was designed to emphasize the value of the service policy, pointing out to customers the importance of an up-to-date will and how quickly changes in laws, taxes and particularly in family can out-mode the will.

This experience emphasizes the sound new business psychology that it is as



● Most banks *do* want speed! Exactly the kind of speed the Marine Trust Company's night transit service gives you.

This fast service enables your bank to save up to 24 hours in presenting cash items throughout New York State. With very few exceptions, items reaching us prior to 12:30 A.M. will be presented the next business day in 58 New York State cities and towns.

Such speed is possible because of the Marine Trust Company's many correspondent banks throughout the state, and its strategic location in the world's greatest market. Send for a copy of our latest Night Transit Schedule.

MARINE TRUST COMPANY OF BUFFALO

A Marine Midland Bank

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

important to resell old customers as it is to sell new ones. The bank has now adopted a permanent program of will serving as a regular feature of trust development work.

New Mechanics

SPEAKING OF MODERN MECHANIZED BANKING, the list of new installations at the First National Bank in Palm Beach, Florida, during the past year provides an example of what the mechanical inventor has done to improve service and facilities. First on the list is an automatic typing device, capable of producing 300 to 500 letters on continuous run

in an eight hour day. This machine has daily use in the bank's public relations department in writing thank-you notes to new accounts, solicitation letters for the trust department, personal loan and travel bureau and the bank in general. A new bloc machine was installed in January with very satisfactory results. It saved the work of two men in the department during rush season. Air conditioning for the building improved working conditions and added to the comfort of patrons. Last, and by no means least, the new electric eye (or phantom door) lifts the latch, so to speak, at the approach of customer or

visitor. Much as is heard about getting back to human relations, and as sound as this policy may be—the mechanics are still an important part of progress.

Dykta (see page 94)

FORT WAYNE (INDIANA) NATIONAL BANK has resumed its question and answer radio program over station WGL. This program ran for 40 weeks during the 1938-39 season.

Thirty-two teams of four members each representing a like number of churches in Fort Wayne are competing. The prize for the winning team at the end of the series is \$200, while \$40 goes to the runner-up. Time permitting, 40 questions (see page 94) are used on each program, divided into five rounds, one round on Fort Wayne streets, another on current events, and the remaining three rounds on questions of general information.

Promotion included a series of "teaser" newspaper advertisements which ran for two weeks before the opening program; six wooden cut-out signs on the counters of the bank which read "DYKTA, Mondays, WGL, 7 p.m."; a shadow box in the center of the main lobby listing the program essentials and names of the competing teams for the next program; and a window display.

Harold D. Cothrell, assistant cashier of the bank, writes and produces the show and acts as the question man. Arthur H. Gertz, of the bank's auditing department, is the time-keeper and score-keeper.

Commercials this year are stressing personal loans and checking accounts.

QUESTIONS AND ANSWERS

Here are the DYKTA people in the studio for a broadcast. Left to right, Harold D. Cothrell, assistant cashier, Fort Wayne National Bank, who is "question man" on the program; Arthur H. Goetz of the bank's auditing department, who is the time and score keeper; Franklin A. Tooke, announcer. The others are members of two contesting church teams



CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Statement of Condition, October 2, 1939

RESOURCES

Cash and Due from Banks	\$ 618,931,966.07
United States Government Obligations, Direct and Fully Guaranteed	574,412,754.10
Other Bonds and Securities	56,896,862.58
Loans and Discounts	146,477,075.79
Stock in Federal Reserve Bank	2,895,000.00
Customers' Liability on Acceptances	457,286.47
Income Accrued but Not Collected	3,500,643.91
Banking House	12,675,000.00
Real Estate Owned other than Banking House	3,511,215.68
	<u>\$1,419,757,804.60</u>

LIABILITIES

Deposits	\$1,281,580,605.84
Acceptances	457,396.01
Reserve for Taxes, Interest and Expenses	5,613,690.91
Reserve for Contingencies	14,967,326.06
Income Collected but Not Earned	306,243.94
Preferred Stock	25,000,000.00
Common Stock	50,000,000.00
Surplus	21,500,000.00
Undivided Profits	20,332,541.84
	<u>\$1,419,757,804.60</u>

United States Government obligations and other securities carried at \$112,268,955.72 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

Look at Edison's Streamlined Miracle..



**this beautiful, new Ediphone
makes your job much easier!**

Sleek, trim and efficient. It's popping up in all the top executives' offices. This new Edison Voicewriter really is a beauty. Your secretary will like the clearness of your voice over it. Every one in the office will like its simplicity. But most important, *you'll* be tickled with the way this Ediphone streamlines your day.

What a man-saver Ediphone Voice Writing is! Lift the receiver and get everything off your mind. Memos, correspondence, instructions, notes... can all be talked into the Ediphone the

second they enter your thought—before they have a chance to get fuzzy—before they tax your memory—before details become problems.

Ediphone Voice Writing streamlines a man's work by taking the nuisance bumps out of his daily routine. Seeing this new miracle is a "must"! No obligation. Telephone the Ediphone (your city) or write Dept. K11, Thomas A. Edison, Inc., West Orange, New Jersey. In Canada, Thomas A. Edison of Canada, Ltd., 610 Bay Street, Toronto.



SAY IT TO THE

Ediphone
EDISON VOICEWRITER

Heard Along MAIN STREET

This material is compiled for
BANKING by Albert Journey

JOHAN A. SPARROW, manager of the foreign department, Harris Trust and Savings Bank, Chicago, is a banker whose development of a hidden talent out-Ripleys Cartoonist Ripley. Prior to 1935 no one, and least of all himself, suspected that Mr. SPARROW had any ability along the delicate line of model ship-building. Yet, today he is known widely for the remarkable skill evidenced in model ships built in his basement workshop with a \$10 set of tools.

The first indication of his talent came when he built a prize-winning model sailboat for his son. A Canadian Pacific official saw it, recognized the genius of the maker, and suggested to Mr. SPARROW that he make a model of the *Empress of Britain*. Working from plans furnished by the company, Mr. SPARROW, in his leisure hours, finished the model in a year and a half. The company bought the model and the proceeds were sufficient to finance several European trips for the SPARROW family.

Last year he built a model of the *Queen Mary* which is now on exhibit in the offices of the Cunard Line. It is 65" long, weighs over 40 pounds and is built to exact scale. Among the details are over 900 portholes, 30 donkey engines, 24 life boats.

This year he is building a model of the *Normandie*.

Mr. SPARROW's hobby is a natural



Mr. SPARROW and the *Empress of Britain*

one. He has an abiding love of ships and has been a constant visitor to Europe since his childhood, having crossed the ocean 38 times. Few Americans are better versed in the ins and outs of European travel.

★

WALTER E. JOHNSON, head of the estate organization division of the Camden (N. J.) Trust Company, was one of America's pioneer pilots. Thirty years ago this intrepid flyer risked his neck as often as he could coax the "crates" of that day off the ground.

Mr. JOHNSON was the first man to fly the Langley Aerodrome, a rival of the

original Wright plane. This plane now reposes in the Smithsonian Institution. In 1914 he established the official American duration record by staying aloft 3 hours and 51 minutes in a flying contraption which attained the then astounding speed of 45 miles an hour.

In 1915 Mr. JOHNSON achieved fame by taking 100 Curtis seaplane bombers across the Arctic Circle and delivering them to the Russians. After the delicate job of assembling them was completed, he and his assistants had to teach the Russians to fly the planes and help them in bombing enemy ships in the Bosphorus.

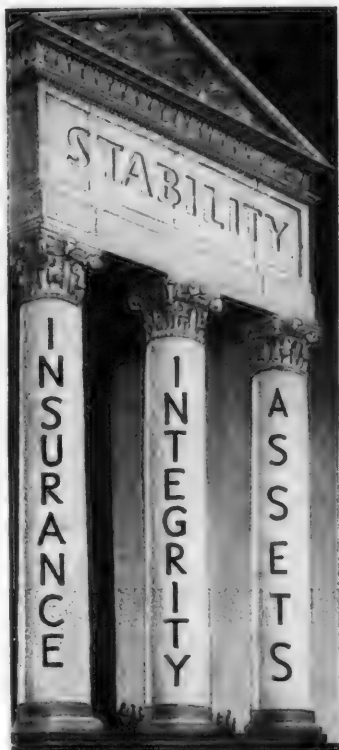
(CONTINUED ON PAGE 72)



Left, Mr. JOHNSON, and below, one of the early "crates" he flew



THE *Distinction* BETWEEN Safe and Unsafe



Time was, when granting a loan, that a banker had to be satisfied with evidence of then existing assets for security. As to their permanence against unpredictable loss from accidental causes, until his loan should be repaid, he had to gamble.

Today, behind the whole structure of business enterprise stands the great bulwark of Capital Stock Insurance, an indispensable guarantor of our American Economy. Gone, the era of chance. Today Mr. Banker does not consider a credit risk safe, whose assets are not adequately protected by insurance which would provide reimbursement, if necessary, to make good any disaster. He knows that the ultimate financial stability which distinguishes safe from unsafe can in no other way be assured.

The Commercial Union Group, renowned for its financial strength and sound underwriting, is one of the great Capital Stock insurance organizations with world-wide facilities. Its resources are ample to handle and safely insure the largest risks. It is noted for its prompt and just settlement of claims.

The nine companies comprising the group write practically every kind of insurance except Life. They are represented by thousands of expert agents, your insurance advisors, from coast to coast.

COMMERCIAL UNION ASSURANCE COMPANY, LTD. AMERICAN CENTRAL INSURANCE COMPANY COLUMBIA CASUALTY COMPANY THE PALATINE INSURANCE COMPANY, LTD.	THE OCEAN ACCIDENT & GUARANTEE CORPORATION, LTD. THE BRITISH GENERAL INSURANCE COMPANY, LTD. UNION ASSURANCE SOCIETY, LIMITED. THE COMMERCIAL UNION FIRE INSURANCE COMPANY	
NEW YORK	CHICAGO	ATLANTA
		SAN FRANCISCO

HOME OFFICES, ONE PARK AVENUE, NEW YORK, N.Y.

When the United States entered the War, Mr. JOHNSON was a chief pilot and performed work of great value in training student pilots for the new air service.

★

DEANE H. MALOTT, son of M. H. Malott, president, Citizens Bank, Abilene, Kansas, and recent Treasurer of the A.B.A., is chancellor of the University of Kansas. He was formerly a member of the faculty of the Harvard Graduate School of Business Administration.

★

JOHN J. TIERNEY, vice-president, Security National Bank, Portsmouth, Ohio, is president of the Chamber of Commerce and secretary of Group 4, Ohio Bankers Association. Mr. TIERNEY's keen interest in baseball has caused him to be elected treasurer of Portsmouth's Hot Stove League, composed of the city's rabid baseball fans.

★

LORENZ G. SCHUMM, vice-president, First National Bank and Trust Company, LaPorte, Indiana, is president of the board of trustees of the 50-year-old



Ruth C. Sabin Home for elderly ladies. As president, Mr. SCHUMM acts as the supreme court in any disagreement arising between the residents and the management. Despite the fact that he is a bachelor he has been able to smooth the ruffled feminine mind with the wisdom of a Solomon.

★

The Bank of Arizona, the Yavapai County Savings Bank and the local (CONTINUED ON PAGE 74)

Above, with one of his tenants, is T. R. HEFTY, president of the First National Bank, Madison, Wisconsin. One of Mr. HEFTY's spare-time pursuits is the operation of his 320-acre farm along sound, progressive lines. Among other activities on the farm is an experiment in the crossing of Angus cattle with Holsteins, in which Mr. HEFTY is keeping in close touch with agricultural experts at the University. Calves with the best qualities of both breeds have been produced. This banker-farmer's father was president for 43 years of the Bank of New Glarus, Wisconsin, and also a successful farmer

HARRIS TRUST AND SAVINGS BANK

Organized as N. W. Harris & Co. 1882—Incorporated 1907 . . . HARRIS TRUST BUILDING, CHICAGO

STATEMENT of CONDITION

October 2, 1939

Resources

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$118,890,921.55
U. S. Government Securities, at par:	
Due five years or longer	10,700,000.00
Due less than five years	21,249,000.00
Due less than five years (set aside under Trust Companies Act to protect Trust Department's Cash Balances)	15,000,000.00
State and Municipal Securities, not exceeding market value:	
Due five years or longer	5,125,887.29
Due less than five years	34,158,661.06
Other Bonds and Investments, not exceeding market value:	
Due five years or longer	19,333,900.65
Due less than five years	12,102,907.16
Demand Loans	5,937,682.86
Time Loans and Bills Discounted	50,993,809.35
Illinois State and Municipal Securities, not exceeding market value, deposited under Trust Companies Act	500,000.00
Federal Reserve Bank Stock	390,000.00
Customers' Liability on Acceptances and Letters of Credit	192,353.33
Unexpired Federal Deposit Insurance	47,453.07
Interest Earned but not Collected	932,818.66
Other Resources	233,482.11
Total	\$295,788,877.09

Liabilities

Capital	\$ 6,000,000.00	
Surplus	7,000,000.00	
Undivided Profits	4,435,505.79	\$ 17,435,505.79
Reserves for Taxes, Interest, Contingencies, etc.		4,044,535.44
Acceptances and Letters of Credit		192,353.33
Demand Deposits	232,988,862.04	
Time Deposits	26,262,704.15	
Trust Department's Cash Balances	14,864,916.34	274,116,482.53
Total		\$295,788,877.09

Member Federal Deposit Insurance Corporation

Directors

ALBERT W. HARRIS Chairman of the Board
HOWARD W. FENTON President and Chairman of Executive Committee
JAMES M. BARKER Vice-Pres. and Treas., Sears, Roebuck and Co.
DAVID A. CRAWFORD President, The Pullman Co.
FRANK R. ELLIOTT Vice-President
ARTHUR B. HALL Hall & Ellis
STANLEY G. HARRIS Vice-President
BOWMAN C. LINGLE Vice-President
M. HADDON MACLEAN Vice-President
SYDNEY G. McALLISTER President, International Harvester Co.
JOHN McKINLAY Chairman of Board, National Tea Co.
FRANK McNAIR Vice-President
A. H. MELLINGER President, Illinois Bell Telephone Co.
CHARLES H. MORSE
WILLIAM P. SIDLEY Sidley, McPherson, Austin & Burgess
HAROLD H. SWIFT Vice-Chairman of Board, Swift & Co.
WARD W. WILLITS Chmn. of Board, The Adams & Westlake Co.
JOHN P. WILSON Wilson & McIlvaine
FRANK H. WOODS Chmn. Addressograph-Multigraph Corp.



ANYWHERE, U.S.A.

19

No.

SUPER - SAFETY

SAMPLE
NOT VALIDPAY TO THE
ORDER OF

Your Bank Can Win Favor, Too

A midwestern banker* who adopted Todd Super-Safety Checks wrote us: "...our customers have commented on this service to a greater extent than on anything we have ever installed. As long as this service continues, you can rely on us to use Super-Safety Checks."

This banker, by utilizing the merchandising aids which Todd furnishes with each order, had told his customers about the protective features of Super-Safety, including insurance against losses these checks are designed to prevent. Once customers hear about the safeguards which protect their money in transit, and see the attractive appearance of Super-Safety Checks, they not only form a definitely favorable opinion of their bank and its methods, but tell their neighbors and friends as well.

That's one excellent way to build customer good will. Our booklet, "Two Dozen Ways To Make Friends For A Bank," contains twenty-four others—only two of which refer to Todd products.

*Name on request.

Todd
COMPANY, INC.

Todd

ROCHESTER NEW YORK
OFFICES IN ALL PRINCIPAL CITIES

TODD COMPANY, INC.

1116 University Avenue • Rochester, New York

Please send me a copy of "Two Dozen Ways To Make Friends For A Bank," without charge or obligation.

Name _____

Bank _____

City _____ State _____

Get the judgment of 2 Men on Doubtful Checks



Lamson Tubes let Both the Bookkeeper and the Teller See the Check!



Use Lamson Tubes
between Tellers and
Bookkeepers for—

1. Positive protection on doubtful checks.
2. Certification of checks.
3. Securing customers' balances.
4. Notifying bookkeepers of special deposits, etc.



Of course, you can insure against the loss of money on a bad check. But you can't insure against the embarrassment and loss of customer confidence. That's why LAMSON TUBES—which enable you to make a double check on every doubtful check—are so important. They're actually an investment in customer relations. For even when you do question a check, the person presenting it need never know. In a flash—while the teller is counting the money a second time—the check travels to the bookkeeper and back.

LAMSON TUBES are well worth their cost in other ways too. They reduce messenger staffs. They save time in certifying checks, in writing up passbooks, in obtaining customers' balances and in carrying inter-department memos.

Find out how these fast, mechanical messengers are saving time and money for business houses of all kinds. Just sign and mail the coupon, a free copy of the interesting booklet, "Wings of Business" will be sent you by return mail.

LAMSON DISPATCH TUBES

Put Your Bookkeeper at Your Teller's Elbow



THE LAMSON COMPANY, INC.,
Syracuse, N. Y.

Please send me a free copy of "Wings of Business," describing the uses of dispatch tubes in banks and business houses.

Name..... Title.....
Bank.....
City..... State.....

branch of the Valley National Bank recently cooperated with merchants in Prescott's Window Shopping Night. These events are held several times a year. The stores and banks are kept open and special displays and demonstrations are given. Nothing is offered for sale nor can purchases be made. Members of the banks' staffs explained to those who dropped in the mechanics of banking and demonstrated the various mechanical devices. Such events offer an excellent opportunity to create good will and to bring the bank and the public closer together.

★

More than 500 friends and neighbors of ROBERT M. HANES honored the new President of the American Bankers Association at a luncheon in Winston-Salem, North Carolina, soon after Mr. HANES' return from the Seattle Convention.

Prominent residents of the city and numerous distinguished out-of-state visitors were present. Speakers included JAMES N. WEEKS, president of the Winston-Salem Chamber of Commerce; HENRY R. DWIRE, public relations director of Duke University; Dr. HOWARD RONDTHALER, president of Salem College; and R. L. POPE, immediate past-president of the North Carolina Bankers Association.

Dr. RONDTHALER stirred the audience to enthusiastic applause when he said: "My tribute, loving and sincere, goes to Rob Hanes' mother." Mrs. Hanes was present.

Mr. POPE, on behalf of the state association, gave President HANES a gold wrist watch.

Mr. HANES and Mr. POPE





THE NEW YORK TRUST COMPANY

Capital Funds \$37,500,000

COMPLETE BANKING FACILITIES

100 BROADWAY
MADISON AVENUE AND FORTIETH STREET
ONE EAST FIFTY-SEVENTH STREET

European Representative:
8 King William Street, London, E. C. 4

Member of the Federal Deposit Insurance Corporation

FIFTIETH ANNIVERSARY 1889-1939

*Homes equipped with
non-rust metals*

**MAKE BETTER
MORTGAGE RISKS**



*I*N copper, brass and bronze, mortgagors find a recognizable basis for sounder security in their mortgage risks. For these Anaconda Metals, by eliminating rust and rust-repairs, help preserve the original value of the home.

Moreover, such products as copper and brass pipe, copper sheet metal work, Everdur Metal hot water tanks and bronze screening cost so little more than temporary rustable materials that... in terms of service rendered per year, per dollar... they are far more economical.

39274



THE AMERICAN BRASS COMPANY

General Offices. Waterbury, Connecticut

Subsidiary of Anaconda Copper Mining Company

In Canada: ANACONDA AMERICAN BRASS LTD., New Toronto, Ont.

Anaconda Copper & Brass

The Americas First

By **GEORGE E. ANDERSON**

THE Washington Conference on Inter-American Relations in the Field of Education is a reminder that there is a more direct connection between education and business in international relations than might at first appear. Especially is this so where traditional connections of the 20 Latin American republics have been chiefly European by reason of language, cultural and racial affiliations, whereas the best commercial, financial and industrial interests of these countries point more and more to the United States.

Even in political matters Latin America has leaned to Europe rather than to the United States. Although most of the republics have modeled their governments in theory upon our Constitution, they have in fact been influenced more by the French Revolution and its repercussions in Europe than upon the revolt of the British colonies in North America. Elemental common sense suggests that where racial and political sympathies lie cultural and trade relations, other things being at all equal, will follow.

Travel and communications have played a very important part. Not many years ago, especially before the first World War, tourists from North and South America spent most of their vacation time and money in Europe. During the war this general trend was broken up to some extent, though later the prevailing movement continued as before.

Since that war, however, there has been a gradual change. Increasing commerce between the two halves of the Western Hemisphere, increasing educational interests, improved transportation and hotel services; and greater appreciation of the climate, scenery, sports and other tourist attractions in the two parts of a more united America, have gradually brought about a rather astonishing change in the travel habits of all Americans.

A few years ago a tourist from North America visiting Central and South America was a rather rare bird. Last year, according to figures of the Department of Commerce, people from the United States spent \$66,000,000 in Central and South American countries and the West Indies exclusive of expenditures in Mexico, in addition to something like \$17,000,000 getting there. Expenditures in Mexico have usually run around \$35,000,000 a year, of which at least

Air travel to South America is routine



PAN-AMERICAN AIRWAYS
BANKING



The U. S. has a trade advantage

GENEAL

\$10,000,000 has been in purely tourist travel. Travelers from South and Central America to the United States have never spent as much in the United States, though the movement has been steadily increasing.

With touring in Europe now shut off for all the Americas, it is inevitable that inter-American touring will increase tremendously. Already North Americans have come to appreciate Winter holidays in the tropical islands of the West Indies, the interesting exotic life in Central American countries, the magnificent harbor and scenic beauties of Rio de Janeiro, the impressive, energetic life of Buenos Aires, the magnificence of scenery in the Straits of Magellan and the passages up the Pacific Coast or the grandeur of the crossing of the Andes, the mountain and lake country of Chile, the juxtaposition of ancient and modern life in Peru and Mexico and the many attractions of tours in Ecuador, Colombia and other countries. Most of these attractions have long been known, better acquaintance depending upon a time when tourists were satiated with Europe. From now on indefinitely the trend of North American travel will be to the South, with a reciprocating movement northward.

Inter-government conferences have their uses and the importance such conferences in the past have had in fostering better relations between the Americas should not be underestimated. It requires very little study of the development of inter-American relations, however, to realize that they have progressed most rapidly and satisfactorily as personal contacts between the peoples of the two Americas have increased. It was not until students from Central and South America commenced to frequent colleges and universities in the United States, that Latin America began to realize that a virile industrial and commercial life was not the only good point of her North American neighbor.

On the other hand it was not until the business men of the United States commenced to visit the other republics in this hemisphere personally, to establish individual and direct contacts with their confreres to the South and to investigate in person the possibilities of closer relations of their own concerns with their correspondents, that the real strength of the movement for closer cultural and trade relations revealed itself.

In the present international situation the United States has many advantages over its trade rivals in Latin American trade, but its business men will fall short of their opportunities if they do not give more personal attention to the spirit and tempo of Latin American life. Even today there are comparatively few business men in this country who



1st Trust Officer: "No wonder you're getting so much business . . . the attorneys, life insurance men, officers, employees and directors of your bank, many of my friends, are talking about your trust department and its service . . . How do you do it?"

2nd Trust Officer: "We've coordinated our advertising and solicitation into a complete program for developing trust business."

1st Trust Officer: "Yes, I know about your continuous contact by mail with prospects, attorneys, underwriters and your bank staff, and your splendid newspaper advertising . . . But where do you find the time to prepare all that material and keep the program running smoothly, and doesn't it cost a lot?"

2nd Trust Officer: "We don't prepare any of it . . . We get it from Purse, and they handle all details, even deliver letters and other material ready for postage and mailing . . . As to cost, their fee is very reasonable . . . Considering the business we are getting, and the solid foundation we are building for steadily increasing business, all with practically no extra attention by us to advertising details, it's the most profitable investment we've ever made."

THE PURSE COMPANY

CHATTANOOGA, TENNESSEE

Trust Advertising Headquarters

BOSTON NEW YORK CHICAGO LOS ANGELES

WE ASKED DEPOSITORS:

"With which one brand-name of check-paper are you most familiar?"

**BY MORE THAN 6 to 1
THEY ANSWERED
HAMMERMILL!**

HERE ARE THE FACTS. Through an independent organization we asked hundreds of bank depositors: "With which one brand-name of check-paper are you most familiar?" With answers still coming in, Hammermill Safety leads by more than 6 to 1 over the second ranking brand . . . has polled almost twice as many votes as all other brands combined!

THESE FIGURES point a valuable lesson in public relations. Your customers know the Hammermill name. They use Hammermill papers in their business. They respect Hammermill quality. And they respect your judgment when you supply them checks on Hammermill Safety. That is the "plus" which only Hammermill Safety can give you—the opportunity to win for your bank the prestige and good will of the best known name in paper.

IN USE, Hammermill Safety lives up to its reputation. Its distinctive design gives

your checks an air of authority. It's easy to write on . . . easy to handle. It's sturdy paper . . . folds without splitting, does not cut through on checkwriting machines. And it reveals immediately chemical or mechanical alteration.

HAMMERMILL SAFETY is low in cost and promptly available in colors, sizes and backgrounds for every check requirement. Compare it with your present check-paper. Send for the sample book of Hammermill Safety and a portfolio of specimen checks.



LOOK FOR THIS SURFACE MARK

HAMMERMILL SAFETY

MADE BY THE MAKERS OF HAMMERMILL BOND

Send for it!

Hammermill Paper Company
Eric, Pa. B.No. _____

Please mail me the sample book of Hammermill Safety and Portfolio of Specimen Checks.

Name _____

Position _____
(Please attach to business letterhead)



EWING GALLOWAY

The beautiful harbor
of Rio de Janeiro

really understand the tremendous vitality of such South American cities as Buenos Aires with its two and a half millions of population, Rio de Janeiro with its million and a half, Santiago with its three-quarters of a million or any of the other centers of really virile national life. Wider and deeper cultural relations which are the best foundation for closer and more satisfactory trade relations can be had only by personal contacts and personal appreciation.

TRADE PROSPECT

OF course, trade is an important factor in these changes and these changes have an important influence upon trade. Much of the import trade which Central and South America have been doing with Europe will, of necessity, be done with the United States so long as the war continues. But there is a limit to this probability and that limit is largely fixed by the amount of additional imports the United States can take from these countries.

There is abundant reason to expect a notable increase in inter-American trade from now on. There is little likelihood that this trade will assume boom proportions or that the tremendous increase of 1916-1921 can be repeated, but it will certainly be large enough to be a material help to our industries during the war period. What perhaps is more important, it promises to be permanent. Permanently increased trade, however, depends in large part upon permanently closer and more intimate relations between the people concerned in which travel, improved cultural relations, mutual tolerance and understanding and a spirit of more perfect cooperation will have their part.

THE PUBLIC NATIONAL BANK AND TRUST COMPANY OF NEW YORK

Service—Maintaining an intimate, personalized correspondent bank service.

Experience—Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

Policy—To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.



Resources over \$165,000,000

ESTABLISHED 1908

MEMBER

NEW YORK CLEARING HOUSE ASSOCIATION
FEDERAL DEPOSIT INSURANCE CORPORATION

Index to BANKING

The Index to Volume XXXI of BANKING (July 1938–June 1939) is now ready. Copies are available on request.

Would You Believe It?

SOME MONEY FACTS

ELEVEN SILVER certificates bearing the denomination of \$1,000 are outstanding.

* * *

THE PUBLIC DEBT of the United States includes almost \$2,000,000 of fractional currency notes issued during and following the Civil War, and over \$3,200,000 of Thrift and Treasury Savings Stamps. Included also are \$53,012 of old demand notes.

* * *

THE GOVERNMENT holds \$2,472,000 of securities on account of loans to Indians.

* * *

THERE IS STILL \$3,240,000 due the Government on account of bonds issued under the Pacific Railroad Aid Bonds Acts of 1862, 1864 and 1878.

* * *

A RELIC of the World War in the Government's securities portfolio is \$1,000 of capital stock of the War Finance Corporation.

* * *

OF THE \$43,520,000 in \$10,000 notes outstanding, exactly one is a greenback.

* * *

APART FROM GOLD CERTIFICATES, all the \$5,000 and \$10,000 notes outstanding are Federal Reserve notes.

* * *

ALTHOUGH NATIONAL BANK NOTES have been called in, \$185,123,000 in this form of currency is still outstanding, including 21 \$1,000 notes, and 865 \$100 notes. The bulk are the \$20 and \$10 denomination.

* * *

OF THE \$887,000,000 in hundred-dollar bills outstanding, \$849,000,000 are Federal Reserve notes. But bank tellers may also encounter this denomination in the form of outstanding national bank notes, Federal Reserve bank notes, United States notes, silver certificates and Treasury notes of 1890. There are \$12,291,000 of \$100 gold certificates outstanding.

* * *

APART FROM \$5,100,000 of greenbacks, practically all the \$1 bills outstanding are silver certificates. The great bulk of the \$2 bills outstanding are greenbacks, with a relatively small amount of silver certificates and a sprinkling of other types of notes.

For a PERMANENT INVESTMENT Buy the World's Most Honored Watch LONGINES

Putting your money into one ordinary watch after another every few years is far costlier than making a permanent investment in a Longines Watch, priced \$40 and up.

For over 73 years wise investors in 77 countries have made permanent investments in Longines watch accuracy and dependability. 10 world's fair grand prizes and 28 gold medals provide gilt-edge proof of the value of their investments.

Check for yourself the prize winning qualities of Longines accuracy, beauty and dependability at your Longines-Wittnauer jeweler agency. Booklet on request.

LONGINES-WITTAUER WATCH CO., INC.
580 FIFTH AVENUE, NEW YORK, N. Y.



Longines

THE WORLD'S MOST HONORED WATCH

WINNER OF 10 WORLD'S FAIR
GRAND PRIZES—28 GOLD MEDALS

Pension System in British Banks

THE profession of banking offers in Britain a number of very definite advantages compared with similar posts available to the more general office worker. Though the average commercial man engaged in industry may have greater opportunities of promotion to the higher paid executive positions, the bank man on the other hand is generally assured of a satisfactory income, and the risk of unemployment is nil. Without doubt the rank and file of bank offi-

cers have higher remuneration, shorter hours of work, longer holidays with full pay, and the privilege of working under more pleasant and hygienic surroundings than their commercial colleagues.

In addition to the advantages mentioned, the bank officer must also consider himself more favorably placed than most workers by reason of the fact that his future is fully assured, provided he does not misconduct himself. Not only can he look forward to a life

of relatively pleasant occupation, but he can also rest content in the knowledge that when his days of useful labor are drawing to a close his future well-being does not occasion him any anxiety for he knows that ample provision has been made for his old age. Most commercial men must, during their period of active employment, set aside each year some part of their income to enable them to carry on or provide for dependents when ill-health or advancing years compel a retirement. Not so the British bank officer, for with each succeeding year of service he automatically qualifies for a life pension, which varies in amount in accordance with his length of service. The opportunity to participate in the pension funds as operated by the leading banks of Britain is a benefit not lightly to be dismissed, and does no doubt receive full reflection when the choice of profession is under consideration.

DIFFERENCES ARE SLIGHT

THOUGH the pension schemes operated by the various banks differ from each other, the points of difference are not of great importance and are a matter of degree more than of principle. In the first place, it cannot be too strongly emphasized that the pension funds, other than the widows' funds, are mostly non-contributory; therefore the whole of the pension is provided by the bank authorities and not by the staff. In other words, the pension is a form of deferred salary. Speaking generally, no officer becomes eligible for a pension until he has completed a term of service averaging 20 years. This time period of 20 years is not so long as it may appear to American readers, for it must be remembered that entry to the service is usually made at the age of 16 to 18, with a few exceptions in the case of university men engaged at the age of 21 years or thereabouts. (See BANKING's article "Career Bankers 16 to 55," May 1938.) Though the 20-year service period is recognised as a "condition precedent" to the granting of a pension, in certain cases the condition will be waived and a pension granted, but it must be stated that such is a relatively rare event. Special circumstances will usually receive special treatment, and where an officer has served a number of years without reaching the limit, and is compelled through ill-health to retire from the service, he can rest assured that some form of payment will be

"One of our CUSTOMERS gave us the idea,"

says this banker

"He was telling how he had succeeded in reducing insurance costs in his industrial plant through Liberty Mutual. We decided that any company which is successfully serving 25,000 American businesses might have something to offer us. First, we satisfied ourselves about your financial strength. Next, we investigated your direct dealing plan and found out that you were effectively eliminating third-party delays and misunderstandings. Finally, we checked the cost. For more than twenty-five years, you have paid cash dividends of 20% of premiums to all policyholders. Naturally, we wanted to share in these savings. Now we are entirely sold on your complete insurance service for this bank and its customers."

LIBERTY  MUTUAL
INSURANCE COMPANY

Home Office: 175 Berkeley Street, Boston, Mass.
77 branch offices in principal cities from coast to coast

LIBERTY MUTUAL writes Bankers Blanket, Fidelity and Forgery Bonds; also Blanket Public Liability Policies for Banks, Workmen's Compensation, General Liability, Burglary, Robbery, Plate Glass, Automobile and Personal Accident Insurance. All forms of Fire Insurance are written through UNITED MUTUAL FIRE INSURANCE COMPANY.

By F. BRADSHAW MAKIN

The author, an Englishman, frequently writes for BANKING on British banking subjects.

made either in the form of a reducing pension or a compassionate grant, this being at the discretion of the authorities.

The upper age limit for compulsory retirement may be taken generally as being 60 years, though in special executive posts a higher limit is sometimes attained. The lower limit is 55 years, though here again officers may retire before reaching 55 years should their health be failing. Any officer retiring prior to the age of 55, who has completed his normal 20 years' service, becomes eligible for a pension in the usual way, i.e., permission to retire automatically provides for the pension. Though current regulations differ on the matter, it will be found that in some cases a man has the option of retiring at 55 if he so desires, but may be allowed to stay until 60, when he must retire. On the other hand, some banks do not allow the individual to exercise an option but retain this right to themselves; therefore, in such instances, the officer does not retire until he attains the full age of 60 unless the bank authorities themselves decide to retire him at 55.

The retiring ages for women officers are lower than those of the male staff and will be found to vary between 45 and 55 years, with 55 the upper limit. In most cases the qualifying service period must be observed, though, where a woman retires to get married, a marriage gratuity may be granted.

"Another advantage of a joint checking account is I never have to ask Henry for money . . . the banker always does it."



Though the majority of retiring officers take the general form of pension, there is often granted one or two alternatives which may prove more acceptable in particular cases. The general pension is based upon a definite percentage of the yearly salary multiplied by the number of years served, subject to the proviso that the pension must not exceed, save in special cases, two-thirds of the salary payable in the year of retirement. Should, for example, the deciding fraction be $1\frac{2}{3}$ per cent of the year's salary, then an officer of 38 years' service in receipt of a salary of \$4,000 in his year of retirement,

would become eligible for a pension of $1\frac{2}{3}$ per cent of 4,000 x 38, which is \$2,534 per annum.

Though pensions are granted without question, the conditions of employment do not give the right to a pension, and the granting thereof is solely at the discretion of the bank authorities. Each year a sum of money is placed by the directors to the staff pension fund, but no details of the fund appear in the published accounts or balance sheets of the banks. The manner in which the funds are invested and controlled is known only to the higher management and is not made public.

NATIONAL BANK OF DETROIT

STATEMENT OF CONDITION, OCTOBER 2, 1939

RESOURCES

Cash on Hand and Due from Other Banks	\$204,649,121.64
United States Government Obligations, direct and/or fully guaranteed	195,338,986.32
Other Securities	14,797,190.36
Stock in Federal Reserve Bank	772,500.00
Loans:	
Loans and Discounts	\$ 49,366,362.20
Real Estate Mortgages	10,659,599.53
Overdrafts	38,568.40
Real Estate (24 Branch Bank Buildings)	783,655.71
Accrued Income Receivable—Net	1,334,472.16
Prepaid Expense	243,931.93
Customers' Liability Account of Acceptances and Letters of Credit	1,650,680.32
TOTAL RESOURCES	\$479,635,068.57

LIABILITIES

Deposits:	
Commercial, Bank and Savings	\$396,081,353.71
U. S. Government	18,525,603.66
Treasurer, State of Michigan	12,658,879.41
Other Public Deposits	17,552,941.86
	\$444,818,778.64
Capital Account:	
Preferred Stock (370,000 Shares)	9,250,000.00
Common Stock (825,000 Shares)	8,250,000.00
Surplus	8,250,000.00
Undivided Profits	5,865,947.86
	31,615,947.86
Reserves	1,549,661.75
Our Liability Account of Acceptances and Letters of Credit	1,650,680.32
TOTAL LIABILITIES	\$479,635,068.57

United States Government securities carried at \$46,405,000.00 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.

Member Federal Deposit Insurance Corporation

Jobs and Salaries

THE analysis of jobs and evaluation of salaries is nothing more than an intelligent effort to determine the qualifications of individuals and the payment of equitable salaries or wages on a comparative basis.

The managements of our larger banking institutions have followed the trend of industry in seeing the value to be derived from such work, but the operating heads of our medium-sized and smaller banks have not given this mat-

ter the attention it deserves. It is important because it is a scientific attempt to place all employees in jobs for which they are best suited and the payment of salaries based on the comparative values of the jobs.

In banks that have no personnel department the first step is to make someone responsible for the work, preferably an officer. To qualify, the person appointed should have a general knowledge of all the internal operations of

By J. W. MILLER

Mr. MILLER is assistant auditor of the Ft. Wayne National Bank, Ft. Wayne, Indiana.

the bank. In most banks the man best fitted is the auditor or controller.

His first move should be to request each employee to make a very careful analysis of his particular job. This should be in the form of a written report and should include a list of all the duties performed by the individual and the average amount of time he devotes to each of them. These records should be analyzed carefully by the department head before being turned over to the person in charge of the analysis. The department head should be thorough in going over these reports so that his knowledge of the work in each particular job will be used to the best advantage.

One of the things the evaluator should study is the natural line of promotion from the various positions. This is necessary because an individual may have the qualifications to hold down a particular job but he may lack some that are needed to fill satisfactorily the positions to which he would be expected to advance. Of course this does not include the qualifications which would be developed normally while filling the positions along the path of advancement.

QUALIFICATIONS

IN determining the qualifications necessary for an individual to prove satisfactory in a certain position due consideration should be given to such points as accuracy, dependability, initiative, appearance, personality, leadership, executive ability, etc., with each point weighted according to its importance.

All jobs should be classified. No routine duties found on the various jobs are identically the same. However, the requirements of an individual to perform efficiently the duties of several jobs are very much the same in many cases. For example, there might be a bookkeeper in the commercial loan department and one in the mortgage loan department who post on the same type of bookkeeping machines. The amount of accounting knowledge necessary to handle the two positions, we

IMPORTANT... to your Clients

When it comes to choosing an insurance company, these four things are important to consider:

LEADERSHIP:

- 1 Lumbermens Mutual writes more automobile casualty insurance than any other insurance company in America.

RECORD:

- 2 Lumbermens has an unique unbroken record of growth through war, panics and depressions, plus an unbroken record of dividends paid to policyholders. Assets have grown from \$25,000 to \$34,000,000; dividends have resulted in savings by policyholders of more than \$30,000,000 in the last ten years alone.

STABILITY:

- 3 Lumbermens maintains a highly liquid condition. In its January 1, 1939 statement, 65% of its assets were in cash and U. S. government bonds.

SERVICE:

- 4 Lumbermens maintains a coast-to-coast night and day claim service manned by hundreds of expert representatives which assures Lumbermens policyholders of immediate assistance wherever they may happen to be.

LUMBERMENS MUTUAL CASUALTY COMPANY

JAMES S. KEMPER, President

MUTUAL INSURANCE BUILDING, CHICAGO, U. S. A.

Save with Safety in the "World's Greatest Automobile Mutual"

Operating in New York as (American) Lumbermens Mutual Casualty Company of Illinois

will say, is about the same. Both jobs carry about the same amount of responsibility and from all other angles the requirements are very much alike. These two jobs should then be thrown into the same classification which would mean that two persons possessing the same qualifications would be necessary to fill satisfactorily the two jobs; and the salary scale should be the same on both jobs.

By classifying as much as possible all the various jobs in the bank the whole salary set-up will be simplified. Where this plan is not followed and jobs are not classified each one becomes an individual problem.

After these classifications are established a salary scale should be determined for each group. An equitable plan, and one which is used quite extensively in banks, is to set a minimum and a maximum salary for each group.

SALARY POLICY

FOR example, say a minimum of \$100 and a maximum of \$135 per month is set for a certain group. A person being placed in a position included in this group would immediately receive the minimum salary, or \$100 per month, and at various stages, while in this position, he would receive increases until he reached the maximum amount, or \$135 per month. Such a policy insures all employees receiving the same treatment so far as remuneration is concerned and eliminates the grounds for many individual arguments.

A little thought about this matter by a competent official in any institution where a policy as outlined above, or one similar, is not followed will undoubtedly reveal that there is a necessity for such work.

He will probably find employees in some positions whose unfitness for the jobs causes them to stand out like square pegs in round holes. He may also find some employees underpaid and some overpaid on the basis of qualifications necessary to fill the positions held and actual work done. Where these conditions are found to exist a study should be made to determine what policy or policies are responsible for such inequalities. It will probably be found in many banks that the annual raise policy so prevalent in banks in the past, whereby all employees' salaries were increased periodically, is one of the most common causes. Where such a policy was followed, in many instances the amount of compensation received is way out of line with the responsibility assumed or work involved.

SUN.	MON.	TUES.	WED.	THUR.	FRI.	SAT.
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

SAVE DAYS

in transit to California centers



Transactions which, after receipt in California, may require four days collection time through ordinary channels, are usually completed in one or two days through the night and day transit service and direct-routing facilities of Bank of America.

The speed and efficiency of this service substantially reduces float and increases availability of funds.

One account with Bank of America brings you the services of 495 correspondent banks located in 307 California cities and towns. Your inquiries are invited.

Bank of America

NATIONAL TRUST & SAVINGS ASSOCIATION

Member Federal Deposit Insurance Corporation

Member Federal Reserve System

MAIN OFFICES

San Francisco No. 1 Powell Street
Los Angeles 660 South Spring Street



WASHINGTON

Bank Legislation

BANK LEGISLATION in the regular session of Congress commencing in January is considered unlikely. The Senate sub-committee of the Committee on Banking and Currency, which was to have started hearings late in October on the whole monetary and banking situation, has postponed its work until after the neutrality legislation has been disposed of. Since this is apt to delay hearings until well toward January it is considered very doubtful if a definite proposal of new legislation will emerge from the committee until late Winter or Spring, if then.

In other words, there seems little chance of any radical changes in the laws by the present Congress. Possibly some action may be had upon measures which have already passed one house. These include amendments to the Home Loan Bank Act, the Meade Bill pro-

viding for the insurance of small loans to industry, the Byrne Bill concerning inter-bank deposits, the bill to amend the Wages and Hours Act as affecting bank employees and several minor measures affecting banks indirectly.

The delay that postpones action in the Wagner investigation also will probably indefinitely postpone possible hearings and general discussion of measures now before the two houses, including the Steagall Bill to double the insurance coverage on bank deposits by the FDIC, the Gillette Bill governing branch banking, various measures including the Patman Bill to do away with bank holding companies, the Patman Bill to transfer ownership of the Reserve banks to the Government, a bill to separate savings from commercial banking and various less prominent measures regulating branch banking, establishing a system of intermediate credit banks for industry, small loan measures, etc.

Some of the less important measures are likely to get through in the course of routine business sandwiched between debates on war subjects. Measures that promise controversy will probably be avoided; for one reason, 1940 is an election year.

Foreign Holdings

IN ESTIMATING the extent to which warring nations in Europe can pay for imports from the United States by the sale of the American securities they hold it should be noted that it is the current value of these securities which counts and not the amount originally invested. Improvement in the securities market, accordingly, increases the war-purchase resources of the belligerents in this country.

Peace and War

THE UNITED STATES Government each year pays the veterans of its wars now living abroad, including citizens and aliens, within a half million dollars or so of the total cost of United States representation abroad. In 1938 the figures were \$10,909,000 for the veterans and \$11,641,000 for the diplomats, consuls and their staffs. Including expenditures of the War Department abroad, as for instance in the Philippines, outlays on war account amount to nearly three times the entire cost of diplomatic and consular representation.

Pan American Credits

SOME OF the loans by the United States to Latin American countries favored by the Pan American Conference at Panama can be taken care of by the Export-Import Bank or some other Government agency, but the general subject of Government credits to Latin America will be one of the subjects which will engage Congress at the regular session and which will produce much bitterness and probably little credit. There are many lines in which credit to Latin America can be extended with safety and with benefit to all concerned, but the careful discrimination required to deal with these matters successfully cannot be expected of so great a body of individualists as the Congress of the United States.

National Income

DEPARTMENT OF COMMERCE estimates place income payments to individuals during the first eight months of the current year at a rate which will

Statement of Ownership

(STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACTS OF CONGRESS OF AUGUST 24, 1912, AND MARCH 3, 1933, OF BANKING, published monthly at New York, N. Y., for Oct. 1, 1939.)

I, State of New York, county of New York, ss. Before me, a Notary in and for the State and county aforesaid, personally appeared William R. Kuhns, who, having been duly sworn according to law, deposes and says that he is the Editor of BANKING and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

¶ 1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Harold Stonier, 22 East 40th Street, New York, N. Y.; Editor, William R. Kuhns, 22 East 40th Street, New York, N. Y.; Managing Editor, None; Business Managers, None.

¶ 2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) The American Bankers Association, 22 East 40th Street, New York, N. Y. (A voluntary unincorporated association of banks; Robert M. Hanes, Wachovia Bank and Trust Co., Winston-Salem, North Carolina, President, and Harold Stonier, 22 East 40th Street, New York, N. Y., Executive Manager.)

¶ 3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

¶ 4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

¶ 5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the twelve months preceding the date shown above is— (This information is required from daily publications only.)

WILLIAM R. KUHN,
Editor

I Sworn to and subscribed before me this 2nd day of October, 1939.

(Elizabeth Rautanen, Notary Public, Bronx County, New York Co. Clk's No. 296, Reg. No. 0R196; Bronx Co. Clk's No. 20, Reg. No. 39R40. Certificate filed in Westchester County.)

(My appointment expires March 30, 1940.)

raise the yearly total to over \$68,000,-000,000 as compared with \$66,275,000,-000 in 1938. Approximately two-thirds of the payments are wages and salaries.

Postal Savings Bonds

IN THE 12 months ending August 31 outstanding Postal Savings bonds increased by approximately \$88,000,000, which probably explains why deposits in the System seem static. Of the approximately one and a quarter billion dollars of deposits only about \$73,000,000 was redeposited in commercial banks at last accounts.

Country Bank Loans

SINCE THE March quarter of 1936 loans by the "country" banks in the Reserve System have shown a steady increase, the total rising from \$3,896,-171,000 in March 1936 to \$4,604,505,-000 on June 30, 1939. This increase represents about 70 per cent of the increase in loans in all member banks in the same period; meanwhile loans in the city banks varied greatly. Loans of country banks as a rule reflect "small" business, but small business is in fact the backbone of the country's business. The steady stream of small business loans tells its own story of improvement.

Hoarding American Money

STATISTICS of the import and export of United States currency together with other data in the possession of the Finance and Investment Division of the Department of Commerce's Foreign and Domestic Commerce Bureau indicate that at least \$50,000,000 of our currency is now in European hoards. With the amount of United States currency in circulation or in banks in Canada, Mexico and the West Indies a considerable portion of the total of approximately seven and a quarter billion dollars presumably in circulation in this country is, in fact, in circulation or hoards elsewhere.

Cotton Consumption

DEPARTMENT OF AGRICULTURE experts estimate that cotton consumption in the United States during the current cotton season will range between the 6,860,000 bales consumed last season and the approximately 8,000,000 bales consumed in the 1936-1937 season, depending upon general business improvement. Prospects, in fact, render the attainment of the 1936-1937 8,000,000 bale record quite possible.

Absorbing Losses

IT WOULD not be surprising if, after the Government bond market has set-

tled down to a more or less stable level, the Federal Reserve banks asked the Treasury to absorb losses incurred in supporting bond prices. That has been the common practice of central banks in other countries in similar circumstances. The Reserve institutions have not been making any too much money in recent years and their surplus accounts, none too great considering the tremendous transactions they support, reflect a tendency to decrease rather than increase. At all events they do not promise such earnings as would seem to justify losses incurred in carrying out a national policy.

Silver

INCREASED DEMAND for and production of copper, zinc, lead and other metals required for war purposes as well as for increased industrial activity on general account in the United States itself will inevitably result in an increase in the production of silver at a time when demand for the white metal is decreasing. Lower prices for world silver seem inevitable and the policy of the Treasury Department with respect to foreign produced silver is watched with considerable interest. It appears that while producers of American silver are now receiving less for their output



Statement of Condition

At the Close of Business,
October 2, 1939

ASSETS

Cash on Hand and Due from Banks . . .	\$73,014,020.46
United States Securities Owned . . .	21,828,100.00
Stock in Federal Reserve Bank . . .	324,000.00
Other Stocks and Bonds . . .	2,858,366.76
Loans and Discounts . . .	45,529,713.75
Furniture and Fixtures . . .	298,865.41
Banking House . . .	2,345,000.00
Other Real Estate . . .	1,138,730.64
	<hr/>
	\$147,336,797.02

LIABILITIES

Capital Stock . . .	\$8,000,000.00
Surplus Fund . . .	2,800,000.00
Undivided Profits, Net . . .	3,682,978.67
Reserved for Taxes, Etc. . .	335,478.05
Reserved for Dividend . . .	160,000.00

Deposits

Individual . . .	\$81,925,527.46
Banks and Bankers . . .	45,662,462.14
U. S. Government . . .	4,770,350.70
	<hr/>
	132,358,340.30
	<hr/>
	\$147,336,797.02

FIRST NATIONAL BANK

in DALLAS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

than formerly they are lucky to have the present bounty prices.

Government Payrolls

AT PRESENT there are more civil employees of the Federal Government than at any other time in its history. On June 30 the number was 920,310, or 2,550 more than at the peak of war activity in November 1918. What American entry into the current war would bring about is uncertain, but the very thought of it is disconcerting. The fact remains, however, that the greater part of the Federal deficit is caused by payments to persons who do not work for their Uncle Sam—

to persons on relief, farmers in the agricultural aid program, and so on. Moreover, it is doubtful if the American people will ever agree to a contraction of Government services whose expansion is in reality responsible for the present size of civil service outlays.

Cosmeticians

SOME OF the reasons why banks have found beauty shops among their fastest growing customers are found in facts reported by the American Cosmeticians Association. It is estimated by officers of the association that this year American women will spend \$209,000,000 in the

78,624 shops under the aegis of the organization. Of this amount \$113,000,000 is spent on keeping hair waves waving and \$48,000,000 on hair cuts, hair tinting, scalp treatment and shampoos.

Small Loans from Mortgage Banks

THE ENTRANCE of mortgage banks into the field of small loans for industry, as advocated before the national convention of the Mortgage Bankers' Association at Chicago, is reported to be something more than a mere possibility. Many mortgage bankers reason that if life insurance companies can do this business successfully, as seems to be the case, there is no reason why mortgage bankers cannot do likewise. It now looks as though a line of credit that went begging for lack of lenders not long ago will be the subject of a general scramble. At all events, it seems clearly established that small businesses will not lack credit facilities.

Expensive Financing

WALTER W. TRUE of the Equitable Life Assurance Society told the national convention of mortgage bankers at Chicago that the average cost of registering and publicly distributing bonds, notes and debentures in 1937 was 9.2 per cent of the gross proceeds of issues under \$250,000 and 4.8 per cent for issues between \$1,000,000 and \$10,000,000. He said that mortgage financing, including reasonable brokers' commissions, could be done for about 3.5 per cent on amounts up to \$250,000; 2.5 per cent on amounts up to a million dollars; and 1.5 per cent on amounts above \$1,500,000. It now devolves upon some authority to show at what cost similar financing can be done by commercial banks.

Farm Income and Mortgages

THE DEPARTMENT OF AGRICULTURE'S revised estimate of cash income for the farmers during the current year is placed above \$7,900,000,000 which was the Government's previous optimistic estimate. Simultaneously, mortgage banker authorities give out the opinion that the war in Europe is likely to result in a great increase in the value of American farms. With respect to estimated farmer income the course of the markets seems to give convincing support. It is much too early, however, to evaluate the influence of the war on American agriculture over the next year or so and the collapse of farm values following the World War stands as an all time example of the danger of too great optimism based upon war conditions.

CITIZENS NATIONAL TRUST & SAVINGS BANK of LOS ANGELES

ORGANIZED 1890

Member Federal Reserve System

Member Federal Deposit Insurance Corporation

Condensed Statement of Condition at close of business October 2, 1939

RESOURCES

Cash and Due from Banks	\$37,704,526.33
United States Obligations, Direct or Fully Guaranteed	36,194,980.99
State, County, and Municipal Bonds	4,904,549.12
Other Bonds	1,676,054.74
Loans and Discounts	47,002,943.66
Federal Reserve Bank Stock	246,000.00
Stock in Commercial Fireproof Building Co.— Head Office Building	348,500.00
Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults (Including Branches) . .	999,132.80
Other Real Estate Owned	1,467,637.01
Customers' Liability under Letters of Credit and Acceptances	123,679.11
Earned Interest Receivable	340,647.89
Other Resources	530,174.76
TOTAL	\$131,538,826.41

LIABILITIES

Capital Stock	\$5,000,000.00
Surplus	3,200,000.00
Undivided Profits	1,150,000.00
Reserves for Interest, Taxes, Contingencies, Etc.	966,399.85
Letters of Credit & Liability as Acceptor or Endorser on Acceptances & Foreign Bills	140,293.26
Other Liabilities	10,620.72
Deposits	121,071,512.58
TOTAL	\$131,538,826.41

Head Office: Spring Street at Fifth, Los Angeles
BRANCHES THROUGHOUT LOS ANGELES

Food Stamp Relief

THE DEPARTMENT OF AGRICULTURE'S food stamp plan for distributing surplus farm commodities to relief families is gradually being extended, Utah and Pennsylvania districts being late additions to the list. As a means of coordinating the work of the Surplus Commodities Administration and general relief the plan seems to have considerable success, thanks in part to the support of retail merchant distributors. What helps the merchant helps the bank, though the volume of business done under the plan is comparatively small from a national standpoint and few banks seem to have taken any interest.

British War Financing

ACCORDING TO the British budget statement the estimated war cost of Great Britain for the current fiscal year is £2,000,000,000 of which £890,000,000 is to be raised by taxation, leaving £1,110,000,000 to be raised by loans. The United States can lend none of this under existing law, but finance in this country is likely to be affected by the sale of British and Dominion-held American securities for funds that will be turned into the British loan. Such a course won't furnish much of the money Great Britain requires, but she has resources in many lines all over the world and all of them will be brought into use if and when required.

Foreigners in the Market

SECURITY MARKET authorities and bankers report that sales of foreign owned American securities in the American market since the war began have just about been balanced by purchasers, Europe selling a little more than it bought but other countries taking up the difference. Sales of mobilized American securities held by foreign governments are not expected for at least six months, probably for a much longer period and then on a very gradual scale. "Dumping" securities on the American market will be to the advantage of nobody. Nor are foreign holders of American securities disposed to part with them until it is necessary to do so.

Bonds

BANK SUPERVISORY authorities are of the opinion that while holdings of Government securities by the banks have decreased somewhat in recent months they anticipate no major changes in bank portfolios. The September call report for 15 largest banks in New York City showed average holdings of such

securities as 29.2 per cent of their resources as compared with 30.6 per cent on June 30. On September 30, 1938, the proportion was 29.2 per cent. Cash on hand or due from other banks in these fifteen institutions rose 8.1 per cent during the year ending in September.

Home Building

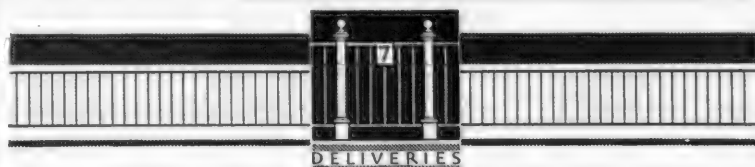
HOME BUILDING in 1939 promises to exceed all recent records if not all records. The Home Loan Bank Board reports the construction of over 194,000 new family dwellings costing \$701,160,800 in the first eight months of the year, 38.3 per cent over the record in the

same period last year. Such construction in August alone was valued at \$105,491,600.

Foreign Bonds

SOME reasons why American investors have little complaint to make over the prohibition of bond flotations of defaulting and belligerent nations in this country are apparent. A few months ago \$423,000,000 par value in German, Czechoslovakian and Polish bonds had a market value of \$111,000,000. A month after war started the total was \$25,900,000.

GEORGE E. ANDERSON



THE SERVICE STAFF of this organization—responsible for the numerous functions separate from but incident to the actual purchase and sale of securities—comprises over half the total number of employees and has an average period of employment exceeding 11 years; over a third of these have service records averaging nearly 19 years.

CHICAGO, 201 SO. LA SALLE STREET • NEW YORK, 35 WALL STREET
AND OTHER PRINCIPAL CITIES

HALSEY, STUART & CO. Inc.

IN THE *Morning Mail*
from an increasing number
of banks who are getting
prompt, interested service
on Atlanta Items

FULTON NATIONAL
ATLANTA Bank GEORGIA

AMERICAN banks should not be inconvenienced as a result of the Canadian foreign exchange control which came into operation September 16. They may still send their Canadian items direct to their Canadian banking correspondents or route them through

their American correspondents, according to preference, as heretofore.

If the items represent normal commercial business transactions within

Canada's Exchange Control

the scope of the Canadian person's business and are paid by him, the Foreign Exchange Control Board will make available freely and promptly the necessary foreign exchange for transfer to the American bank. American export houses and others, which in the past have made a practice of sending their items direct to a Canadian bank for collection, instead of through the intermediary of their local bank, may continue to do so and the same conditions will prevail.

American exporters may bear in mind that Canadians may import without licence, goods to the value of \$100 in the case of any one person in any one calendar month, and foreign exchange will be freely provided. With this exception, all imports of goods into Canada since the coming into effect of control, require a permit which is freely given in the case of importations of goods, if within the ordinary scope of the importers' business requirements, and permits are granted for payment in foreign exchange or Canadian dollars.

Likewise permits are required for exports from Canada and the same general conditions apply. The resulting foreign exchange, however, in the case of exports must be sold or otherwise accounted for to the Board.

Non-resident holders of Canadian Government, provincial, municipal, corporation or other Canadian securities, will be paid their interest and dividends as usual, either in Canadian dollars or foreign exchange as they may prefer.

It is, of course, an essential feature of exchange control that foreign exchange will not be sold by the Board for an export of capital from Canada, by residents or non-residents, that is to say, Canadian dollar balances in the nature of capital cannot be converted into foreign exchange through the Board. Bank accounts of non-residents are not in any way blocked, however; they may be freely drawn upon for payments either to residents or to other non-residents.

Tourists entering Canada are not affected by the control.

American currency will be freely exchanged for Canadian dollars by any bank in Canada at the current rate of exchange.

The above information is contributed to BANKING by Alex McD. McBain, Chief of the Intelligence Division, Foreign Exchange Control Board, Ottawa.

Presenting

Investment Timing

A weekly service based upon economic factors for timing major movements of security prices and cyclical trends of business

The Investment Timing Service utilizes in new fashion a number of recognized indexes of business and finance, and then applies to them a newly developed timing technique. Unrelenting tests have demonstrated that the **Investment Timing Index** has been successful in detecting every major trend of securities and business for the past 20 years.

A descriptive folder will be sent on request without obligation

ECONOMICS AND INVESTMENT DEPARTMENT

Independence Fund of North America, Inc.

ONE CEDAR STREET

NEW YORK, N. Y.

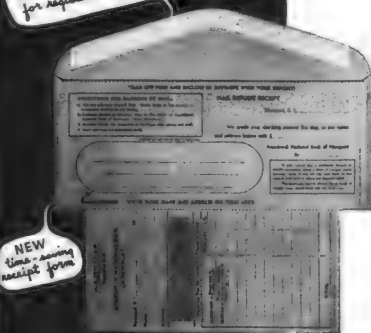
THATCHER C. JONES
Directing Economist

FREDERICK R. MACAULAY
Consulting Economist

MAX WINKLER
Consulting Economist

A GOOD WAY TO GET NEW CUSTOMERS

This style flap meets P.O. requirements for registered mail



NEW time-saving receipt form

Standard ABA-Size
Deposit Slip

THESE ENVELOPES ARE
AVAILABLE IN FOUR SIZES
AND FIT STANDARD WINDOW
ENVELOPES

CURTIS 1000 INC.
ONE CANTLAGE HARTFORD, CONN.
1000 UNIVERSITY AVE. ST. PAUL, MINN.
1016 E. 17TH ST. CLEVELAND, O.
(Write nearest plant)

You may not want increased deposits right at the present time . . . but you do want to make MORE LOANS, rent more SAFETY DEPOSIT BOXES, and encourage more people to use your TRUST DEPARTMENT services.

Many banks have found that the distribution of Curtis BANK-BY-MAIL ENVELOPES to a select list of prospects has opened up scores of profitable new accounts.

WHY NOT SEND A FEW OF THESE ENVELOPES TO EXECUTIVES, SCHOOL TEACHERS, FACTORY WORKERS, FILLING STATION OPERATORS AND OTHERS WHO ARE LOCATED IN SUBURBAN AREAS? IT WILL MEAN EXTRA PROFITS FOR YOUR BANK.

Clip the Coupon and Mail Today!

Gentlemen:

Send us samples of your Bank-by-Mail Envelopes which we understand have standard size deposit slips (also larger or smaller if desired) and a new time-saving receipt form.

Name

Bank

Address

A Trip Through Bankland

By REED SASS

MR. SASS is manager, Business Development Department, Fort Worth National Bank.

THROUGH the efforts of the local A.I.B. Chapter, bankers in our city had just completed a series of talks to 10,000 Fort Worth school pupils when we got the idea of offering our own bank as a laboratory to the junior and senior students of the School of Business Administration at Texas Christian University. Working with the school on the project, we drafted the itinerary of an eight-hour tour which we believed would give our tourists a fairly accurate picture of the bank and its operations.

We called the tour "A Trip Through Bankland" and drew up a time schedule for all the departments we were to visit. A key speaker in each department was instructed to discuss briefly the functions of his department, its relation to the last department through which we had passed and to the next one to be visited.

Arrangements were made to have the itinerary multigraphed on a combination letterhead and folder, illustrated with drawings depicting the various banking services and containing an elementary description of them. Under the letterhead we addressed a letter of welcome to each student and furnished him with a time schedule.

THE TOUR

GROUPS were limited to twelve students. All were told the date of their visit, and were urged to arrive at the bank at 8:20 A.M. At 8:30 our tour conductor lead his guests to the money vault, where the trip was actually begun with the opening of the vault door. Tellers went to their individual compartments for their change and tills, and the students watched them take currency bags from the larger vaults. From the money vault we followed the tellers to their cages where one explained his duties. A deposit was taken from a customer while we were at the cage, and checks in the deposit were followed to the analysis and proof departments. There the items in the deposit were routed to various departments and to the clearinghouse. We followed the mail items to the transit department and thence to the book-keeping department. There we saw some of the items on our bank taken in the original deposit being spread and

listed to the various books for sight posting. The Recordak system was demonstrated. Momentarily we paused at the statement department and departed to meet the deadline of the local clearinghouse where our students saw how banks exchange items. Then we returned to the bank and visited a new account desk where hypothetical checking and savings accounts were opened.

In the general bookkeeping department the students were given an explanation of the difference in accounts

which we know as "Due To" and "Due From" banks. The value of correspondent banks and the Federal Reserve System was pointed out.

After lunch in our own cafe, the students visited the other departments.

Officials of Texas Christian University were delighted. Many of the students have come back to ask questions or to study in our library. We are convinced that our "Trip Through Bankland" is another avenue to improved public relations.

CENTRAL HANOVER BANK AND TRUST COMPANY NEW YORK



Statement of Condition at Close of Business September 30, 1939

ASSETS

Cash and Due from Banks	\$620,500,012.79
U. S. Government Securities	309,633,823.22
State and Municipal Securities	32,863,084.62
Other Securities	25,790,551.35
Stock in Federal Reserve Bank	2,430,000.00
Loans and Bills Purchased	162,926,724.01
Real Estate Mortgages	7,055,930.98
Banking Houses	15,561,009.00
Other Real Estate	2,021,037.16
Interest Accrued	1,556,492.00
Customers' Liability Account of Acceptances	4,739,971.48
Total	\$1,185,078,636.61

LIABILITIES

Capital	\$21,000,000.00
Surplus	60,000,000.00
Undivided Profits	12,071,935.67
Reserve for Taxes, Interest Accrued, etc.	4,833,061.45
Dividend Payable	
October 2, 1939	1,050,000.00
Acceptances	5,073,191.70
Deposits	1,081,050,447.79
Total	\$1,185,078,636.61

There are pledged to secure public monies and to qualify for fiduciary powers
U. S. Government Securities \$5,215,347.85

Member Federal Deposit Insurance Corporation



LETTERHEADS

printed on
*Permanized
Papers*
get a better
reception

WHEN you specify *Permanized Papers* for your letterheads, you can be sure that your written message will meet with approval. For *Permanized Papers* have a remarkable, pure whiteness . . . an appealing surface . . . the strength and printability that are demanded in today's business. Here is Rag Content paper at its best!

Letterheads printed on *Permanized Papers* gain both attention and respect—because they look better, are more impressive.

For letterhead users, here's a helpful tip: Send two samples of your letterhead to The Letterhead Clinic, 71 Murray Street, New York. Free of charge, experts will rate them for design, distinction, selling effectiveness.

The Letterhead Clinic has been created to help those who are interested in Better Letterheads and Better Letterhead Papers and its service can help you dress up the sick heading that might be dragging down the most potent sales message. Don't handicap your efforts this way.

Use The Letterhead Clinic. It costs you nothing, yet will pay you well. Send two copies of the letterhead you are especially concerned about now. See how it rates!

Manufactured exclusively by
**WHITING-PLOVER
PAPER COMPANY**
Stevens Point, Wis.
71-73 Murray St. New York City

**BOND PAPERS - LEDGER PAPERS
THIN PAPERS - KEEBORD TYPEWRITER PAPERS**

MR. FIRTH, now in the advertising business in Philadelphia, is a former banker.

"THERE can be little question that our bank's greatest asset lies in its directorate, but so far as business getting is concerned it is a frozen asset." So said the advertising manager of a large eastern bank, speaking of his own institution.

Probably every bank advertising manager in the country realizes that the influence and prestige of his bank's directors could be made a potent selling force if consistently and continuously employed, and much midnight oil has been burned in efforts to create workable plans for this purpose.

In most cases, bank directors are busy men with many business and other affiliations, and it is difficult to have them become genuinely and actively interested in the development of their own banking institutions. Accustomed as many of them are to serving on the boards of other organizations, they are apt to limit their service as directors to attendance at meetings primarily con-

cerned with policy fixing and the direction and supervision of operations. For this reason, any suggestions made to them as a group, soliciting their services in connection with new business efforts, are almost invariably fruitless.

How then can the influence and prestige of a bank's directors be used and their active cooperation be enlisted in business development work?

A PLAN

THE method which experience has proved to be most resultful is to seek an interview with each director independently, preferably away from the bank, and discuss with him the operations of the new business department. It is best that such an interview be handled by the officer or employee in charge of new business rather than by the president or a senior officer with whom the director is in constant touch. If, after outlining the work of the department, definite suggestions are made as to how the director addressed can be of assistance in particular cases and with the expenditure of a minimum of

OVERNIGHT

COLLECTION AND TRANSIT
SERVICE

AIRMAIL-Coast to Coast RAIL MAIL-Within 500 Miles

The Omaha National Bank is ideally located to provide unusually quick service on your collection and transit items.

Favorable evening departures of air and rail mail give overnight delivery to east and west coasts, as well as points on our northern and southern borders.

By virtue of these advantages The Omaha National Bank has developed speed and efficiency in handling items for correspondents. Your inquiries are invited.

The Omaha National Bank

Member Federal Deposit Insurance Corporation

New Business Efforts

his time and effort, his valuable cooperation is usually forthcoming.

It is essential at such an interview that the new business man be quite specific in his requests. Perhaps the best approach is to submit a list of live leads which are being worked and ask if any are known to the director. Almost invariably the list will carry the names of one or more of his friends or business acquaintances and it is then an easy matter to have him advise how best to go about getting the business. He might be prompted to open the door for you by telephone, or to help immeasurably by having you meet a prospect with him at luncheon or for a round of golf.

Having thus obtained the cooperation of a director, keep him fully posted as to your progress with the prospects and seek his advice regarding further moves. When actual business results, request your president to announce at the next board meeting that it has been obtained through the director's efforts. This will have the two-fold effect of encouraging your director friend to continue his good work with you, and of arousing other directors to similar activity.

Seek the cooperation of three or four of your most influential directors and resulting business brought to the attention of the whole board will gradually make and keep them all sales-minded. You can then establish a practice of calling on each director about once a month for a discussion of new business work, and you will find that once they become really interested they can give you more definite leads than anyone else in the institution. However, in making such calls, never just "happen in"—always have at least one specific object in calling and ask for definite advice and cooperation.

When you hear of a plant, branch office, sales outlet or other business organization to be established in your city, do not hesitate to telephone each director for further information and possibly an introduction or other contact with the new-comers. Likewise, your directors will appreciate being informed of even rumors regarding real estate and business changes in the community. They may have a bearing on a director's own business and at the same time you may uncover possibilities in the way of new business for the bank.

With individual director alliances established and actively operating for the acquisition of new business, it is often

possible and certainly advisable for the new business department, working with the president, to develop more intensive efforts in this direction by the injection of some competitive spirit.

One bank holds a meeting of directors once a month where nothing is discussed except matters relating to business development. A résumé of the bank's activities by departments during the month is first presented. This is followed by each director briefly expressing his opinion of the local busi-

ness situation as he sees it, thus giving to the entire board a fairly accurate picture of business conditions in the community. The president then gives each director a list of business concerns and individuals whose business is desirable and a general discussion follows as to how best these prospects can be approached. In most cases one or another of the directors agrees to work on the prospect and report on results at the next meeting. Apart from the new business accruing from such meetings it was found that these informal discussions on community affairs were of real benefit in promoting understanding and a unison within the directorate.

R. G. RANKIN & CO.

CERTIFIED PUBLIC ACCOUNTANTS

Examinations
of
Banks and Trust Companies
for
Directors Committees

CHICAGO

NEW YORK

WASHINGTON

Out-of-Town Banks

Out-of-town banks and bankers will find here complete banking facilities for prompt and economical handling of accounts in Chicago. We would appreciate the opportunity of serving you.

CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(Member Federal Deposit Insurance Corporation)

ASK BANKING

Banks Help Everybody

How does commercial banking help poor people?

BY making "jobs" available. Present day commerce is geared to mass production and distribution. Shoes, for example, are made in large factories and shipped all over the world, but not by cobblers supplying the needs of small communities as they were 100 years ago. In order for such mass production to be possible it is necessary that there be a wide field of distribution.

There could be no wide distribution of merchandise without commercial banking. Banks not only supply credit but also act as intermediary between buyers and sellers. Without these latter facilities it would not be possible for a factory to ship goods to far distant points because of the complications involved in obtaining payments.

Without mass production today, not only would the list of unemployed be

increased by millions but the cost of many manufactured articles would skyrocket. Thus commercial banking aids "poor people" by enlarging the field of employment and by assisting in lowering the price of the necessities and luxuries of life.

Weight of Silver

What is the weight of silver coin in sacks such as used by banks?

HERE are the figures:

SILVER DOLLARS		
Amount	Pounds	Ounces
\$100.....	5	14.28
200.....	11	12.57
500.....	29	7.43
1000.....	58	14.83
FRACTIONAL SILVER		
\$100.....	5	8.18
200.....	11	0.36
500.....	27	8.91
1000.....	55	1.83

This department is compiled for
BANKING by E. S. Woolley

Minimum Balances

Is it true that: "The aggregate minimum balances would certainly come nowhere near equalling the average earning assets"?

THE above statement in quotes is extracted from a letter received from a banker who disagrees with the contention made in this department last month to the effect that the minimum monthly balances are the only correct ones to use in computing the earnings from commercial depositors' accounts.

This banker, in common with many others, overlooks the fact that banks are a departmental business. Therefore no true picture of their conditions can be obtained from looking at the institution as a whole. In the earning assets

BOOKLETS

LIGHTING. *The Photoelectric Relay.* The General Electric Co., Schenectady, N. Y. Explains the importance of the automatic control of scientifically correct light.

A New Member of an Already Famous Family. Faries Manufacturing Company, Decatur, Ill. Describing a desk lamp that is free from glare and shadows.

CHECKS. *Your Bank.* The Todd Company, Rochester, New York. Designed to assist a bank's personnel in acquainting depositors with the value of safety checkpaper.

Imprint Program. DeLuxe Check Printers, Inc., Chicago, Ill. Advantages of the use of imprinted checks from both bank and depositor viewpoints.

PERSONAL LOANS. *Small Loans on a Large Scale.* National Cash Register Company. Reprint of an article by William McArthur, vice-president and comptroller, The First National Bank and Trust Co., New Haven, Conn.

Consumer Credit a Profitable Field. Springfield Fire & Marine Insurance Co., Springfield, Mass. Suggestions for expanding and operating instalment loan departments.

Increasing Profits from Personal Loans. The Morris Plan Insurance Society, 420 Lexington Avenue, N. Y. C. Some reasons for the insurance-protected personal loans.

The Protected Loan. Credit Life Insurance Co., Springfield, Massachusetts. Information on personal loan insurance for banks.

AIR CONDITIONING. *World's Fair Weather for Every Store and Office.* Carrier Corporation, Syracuse, New York. Shows diagrams for air-conditioning all kinds and shapes of rooms.

From the World of Tomorrow for the World of Today. Carrier Corporation, Syracuse, New York. Photographs of air-conditioning in all kinds of buildings from a cow barn in Singapore to the City Hall of Oslo.

TRUSTS. *The Development of New Business for Trust Departments.* The Purse Company, Chattanooga, Tenn. Some suggestions for the obtaining of new trust business.

INSURANCE. *Quality Protection or Bargain Prices.* Fireman's Fund Insurance Company, San Francisco. A discussion of various forms of insurance policies.

SAFES. *How Research Creates Certified Record Protection.* Remington-Rand, Inc., Buffalo, N. Y. Results of tests showing the resistant qualities of various types of safe construction.

BANK SIGNS. *Light the Way to Efficient Operations.* The Bankette Company, 136 Federal Street, Boston. Illustrating various styles of custom made, edge-illuminated interior bank signs.

WAREHOUSING. *Loan Officers Questionnaire on Field Warehousing.* Lawrence System, 52 Wall Street, N. Y. C. Thirty-one questions and answers on field warehousing specially prepared for lending officers of banks.

of any bank there are at least three distinct and separate classes of funds invested that have totally different requirements. These are demand deposits, time deposits and stockholders' funds. The first step that is necessary in order to find out what these funds are earning is to find out how much of each is available for investment in income producing assets.

Any attempt to find facts without such segregation is bound to fail. The cash reserves and float must be apportioned between the demand and time deposits, and these are very much greater for the demand than for the time. Fixed and sundry assets must be deducted from the stockholders' funds, but no cash should be apportioned thereto as such funds are not subject to withdrawal.

The next step is to segregate the assets in between the various funds in accordance with the classes of investments into which they can be invested. For example, no demand deposits can be invested in real estate mortgages or assets of that nature.

When this work has been done it will be found that the earning assets into which the funds of the demand deposits are invested are very considerably less than the aggregate of the minimum balances of those deposits for that month. This truth is hidden in most banks because there is no separation of investments. The permitting of demand and savings deposits to be invested in a "common pot" is one of the errors of the present banking system, and is one which sooner or later will have to be corrected.

It is suggested that the banker in question endeavor to segregate the assets and funds of his bank and then run the minimum balances of the individual ledgers for that month.

Scaled Interest

Should not banks pay a varying rate on deposits according to the length of time for which they are deposited?

TO DO this would merely be to recognize facts. The yields obtained by banks are on this basis. A short term bond yields less than a long term one. Under present earning rates a schedule might be somewhat as follows:

- 1 per cent for 3 months to one year
- 1¼ per cent for 13 months to 2 years
- 1½ per cent for 25 months to 3 years
- 1¾ per cent for 37 months to 4 years
- 2 per cent for 49 months and over.

Uniform Procedure

Would it not be a direct advantage to the examiner, analyst and layman if a uniform procedure for reporting bank securities were adopted throughout the state?

CERTAINLY. But why limit it? There is a decided need for more uniformity of procedure, not only in the reporting of securities but throughout all banking practices. No intelligent comparisons are possible, nor accurate

averages obtainable, without a uniformity in the keeping of accounts. Unless there is a uniformity of recording and reporting transactions any comparisons or averages are practically meaningless. A uniformity of check sizes and other forms used by banks would facilitate handling and therefore reduce costs. Also a uniformity of terminology is needed. Today the same terms or departmental names may mean quite different things in two banks. Perhaps a uniformity of reporting securities would be a good place to start.

Social Security Act Applies to Banks beginning January 1, 1940

You need the safest and simplest pay-roll plan complying with all the requirements of the law.

FEDERAL O. A. B. ACCOUNT NO.		AMOUNT EARNED
TIME WORKED		
DAYS	HOURS	
YOUR BANK		
PAY TO THE ORDER OF		
SIGN RECEIPT ON BACK.		
CASHIER'S CHECK		

*The pay-data stub
does the job!*

Your Problem is Correctly Solved with the Shield-of-Quality SOCIAL SECURITY Pay Check System

**ONE WRITING
DOES IT ALL!**

1. Pays your employees.
2. Provides each with required pay data.
3. Makes complete record of pay to each person.
4. Registers pay checks and provides aggregate payroll information.

**No New or Special Equipment is Necessary
—only Your Typewriter and Adding Machine**

This simple, easy, economical system of only three forms is already in successful operation and is enthusiastically indorsed by many accountants. No adjustments are needed to mesh the Pay Check System into your bank's accounting.

Write for Sample Forms and More Information

Accounting Systems Department

LEVEY PRINTING Co., Shield Press

FOUNDED IN 1848: NOW IN OUR 91st YEAR

2020 Montcalm St., Indianapolis, Ind.

**Better
LIGHT
for the
OFFICE**

Reduce eye strain and fatigue by installing Faries Natural Light lamps on all desks and machines. Better work, more work and greater accuracy result.

ONE OF 200 MODELS

Faries Lamps for all requirements of the general office — impressive designs for your own desk. Leaders in style and lighting efficiency for 59 years. Your electrical or office supply dealer will show you the big Faries catalog.

FARIES MFG. CO.

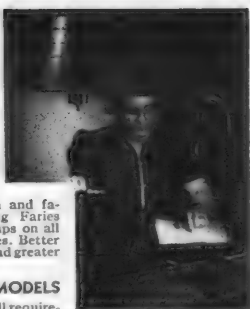
S. Robert Schwartz Div.

1018 E. Grand Ave., Decatur, Ill.

Faries Lamps
LEADERS IN STYLE AND
LIGHTING EFFICIENCY SINCE 1880

**WRITE
for
Literature
PRICES**

**Do Your Directors
Read BANKING?**



DYKTA Stumpers

ON page 68 of this issue of **BANKING** there is an account of the "Do You Know the Answers?" radio program sponsored by the Fort Wayne (Indiana) National Bank.

Below are some of the questions asked the competing teams in a recent broadcast. Numerous queries are of local interest, involving identification of Fort Wayne Streets and otherwise testing the contestants' knowledge of the home community.

In the cartoon, "Little Orphan Annie", what is her foster daddy's name?

Is the bassoon a brass or a wood-wind instrument?

On what day are trees planted?

At which end of the canal is the city of Panama?

What is the capital of Egypt?

Noah and Daniel Webster were brothers. True or false?

When a dog walks, which leg moves with the left front leg?

In what American city is Independence Hall?

An avenue which has the same name as that of a Massachusetts town, famous as the scene of a battle in the Revolutionary war.

A street; member of Washington's cabinet, also an early Fort Wayne settler and banker?

The name of a Quaker philanthropist after whom an eastern state is named (a street).

The name of an admiral and North Pole explorer (an avenue).

A grasshopper-like insect; also a tree of the bean family with rough bark and white flowers.

Where is the University of Illinois?

After whom is Listerine named?

What is the name for one of the minute indivisible particles of which the ear is composed?

A football game consists of one hour of actual play. True or false?

Does Lincoln's Gettysburg address say "Fourscore and seven years ago, our fathers brought forth on this continent", or "Our forefathers brought forth"?

If you are standing 100 yards away when a gun is fired, do you see the flash or hear the shot first?

A child born in the United States of foreign parents is an American citizen. True or false?

In British nobility, which ranks higher, a viscount, a duke or a marquis?

What was the name of the British battleship just torpedoed?

Who was reelected president of the American Federation of Labor for his 16th term at the Cincinnati convention just closed?

What prominent young orchestra leader is linked with the ex-wife of Jackie Coogan?

Who was Armand Calinescu?

What three types of public conveyances will the Indiana Service Corporation eventually have in use in Fort Wayne?

Are the United States Marines affiliated with the Army or the Navy?

The War of 1812 began and ended in the year 1812. True or false?

CONSUMER CREDIT A PROFITABLE FIELD

A booklet written by a banker and of interest to every bank and local loan institution. It gives helpful aids in directing installment financing into local channels.

Copy sent free upon request.



**SPRINGFIELD
FIRE & MARINE INSURANCE COMPANY**
Springfield, Massachusetts

OUR 104th YEAR

Entering our second century, The National Shawmut Bank looks forward to new opportunities for service. Long an integral part of New England's economic life, we provide complete facilities for handling all types of banking transactions.



THE NATIONAL
Shawmut Bank

40 WATER STREET • BOSTON

Member Federal Deposit Insurance Corporation

California Thursdays

AS this issue of BANKING goes to press Californians are in the midst of another "30 Every Thursday" campaign. A similar something-for-nothing scheme was defeated last year by a margin of 255,000 votes, although it polled 1,143,670 votes. The plan coming before the citizens on November 7 is basically the same as the rejected one, with the addition of such features as the establishment of a bank originally financed by a \$20,000,000 state bond issue; a 3 per cent gross income tax; creation of a state board of economics; and greater powers for the proposed administrator of the plan.

"One of the most glaring flaws in this proposed constitutional amendment," says J. E. Drew, Director of Public Relations, California Bankers Association, "is that it contains no provision for paying \$30 a week in real money to any one. What it does propose to do is to issue 30 pieces of paper called 'retirement warrants', which are to be redeemed for a dollar in lawful money at the end of the year, and only then if they have acquired 52 two-cent weekly redemption stamps to be purchased with cash. This feature is similar in principle to the 'prosperity scrip' experiment in Alberta."

Virtually every line of business announced that it would not accept the warrants. The California banks last year said they could not handle them, and that declaration was repeated this year by President A. R. Thomas of the state association.

"The promoters' answer," says Mr. Drew, "was to include in their revised proposal the organization of a new state-wide banking system, the Credit Clearings Bank of the People of California."

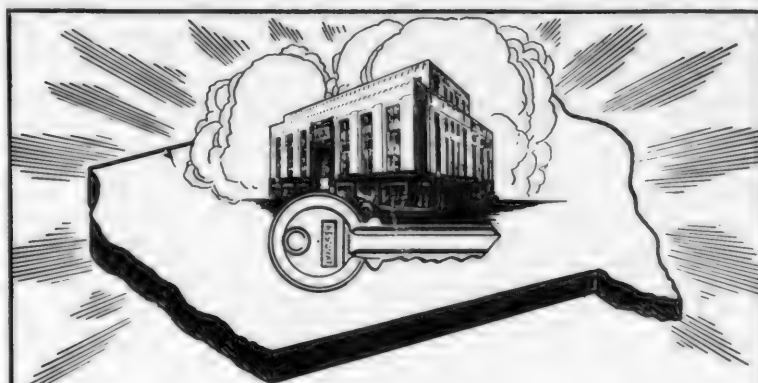
This institution would be privately owned and its stock sold to the general public; however, pending sale of the stock operating capital would be raised by a \$20,000,000 state bond issue.

California's nickname for the scheme is Ham and Eggs.

Of the \$1,169,000,000 of \$5 bills outstanding, about \$798,000,000 are silver certificates and \$291,000,000 United States notes (greenbacks).

\$1,420,000,000 of Federal Reserve notes and \$290,000,000 of silver certificates constitute the bulk of the \$1,795,000,000 of \$10 bills outstanding.

November 1939



A KEY BANK IN IOWA

Let your contact with Des Moines and Iowa be through a Bank that enjoys the confidence and good-will of leading business interests in the Middle West.

Iowa's Largest Bank . . . with its background of 64 years of service and co-operation with business organizations and individuals . . . can be helpful to banks and corporations wishing to broaden and increase their activities in this territory.

IOWA-DES MOINES NATIONAL BANK
& TRUST COMPANY

DES MOINES, IOWA

MEMBER FDIC



COMMERCIAL • CHECKING

SAVINGS • TRUSTS

... your Chicago representative

American National Bank and Trust Company of Chicago offers the complete facilities of a correspondent in this important financial and business center—transit, collections, securities transactions, credit and investment information. More than that, our officers maintain a personal interest in our bank clients, and endeavor to be as helpful as possible as their Chicago representatives . . . We welcome a call from you when you visit Chicago.

AMERICAN NATIONAL BANK
AND TRUST COMPANY

of Chicago

LA SALLE STREET AT WASHINGTON

Member Federal Deposit Insurance Corporation

Only CLEAR-VUE

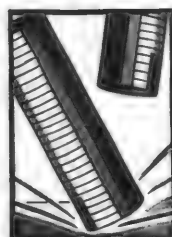
**Transparent Coin Wrappers
Give You This Protection**



With the perfect visibility of all coins, time is saved and errors eliminated as denominations are easily distinguishable and spurious coins or slugs quickly detected.



Clear-Vue Coin Wrappers are as easy to use as any others but their construction eliminates fraudulent re-use or misuse of names, another advantage over the old style wrappers.



Clear-Vue Wrappers are made of tough cellulose material that offers a resistance to tearing and accidental breakage is practically eliminated. Attached gummed strips seal the package.



Clear-Vue — the patented transparent coin wrapper offers all these advantages at prices comparable with the old style kraft wrappers. Decide for yourself. Send for FREE samples today and thoroughly test them

for all the protective features that only CLEAR-VUE can give.

THE STECK COMPANY
203 NINTH STREET AUSTIN, TEXAS

BANKING'S Advertisers November 1939

Allen Wales Adding Machine Corp. Cover IV	
The Ambassador, Atlantic City, N. J.	14
American Brass Co.	76
American Mutual Liability Insurance Co.	11
American National Bank & Trust Company	95
American Surety Co.	64
American Telephone & Telegraph Co.	10
Bank of America N. T. & S. A.	83
Bankers Trust Co.	8
Central Hanover Bank and Trust Co.	89
Central National Bank of Cleveland	109
Chase National Bank	111
Citizens National Trust and Savings Bank	86
City National Bank and Trust Co. of Chicago	91
Commercial Investment Trust, Inc.	14
Commercial Union Group	71
Continental Illinois National Bank and Trust Co.	68
Curtis 1000 Inc.	88
DeLuxe Check Printers, Inc.	6
C. J. Devine & Co.	9
Douglas-Guardian Warehouse Corporation	57
Ediphone, Thomas A. Edison, Inc.	69
Faries Manufacturing Co.	94
Felt & Tarrant Manufacturing Co.	53
Fidelity and Deposit Company of Maryland	55
First National Bank of Chicago	59
First National Bank in Dallas	85
First National Bank of Memphis	96
Fulton National Bank	87
General Electric Co.	63
General Motors Acceptance Corp.	13
Guaranty Trust Company	65
Halsey, Stuart & Company, Inc.	87
Hammermill Paper Co.	78
Harris Trust and Savings Bank	72
Hartford Accident and Indemnity Co.	61
Hartford Fire Insurance Co.	61
Home Insurance Company	48
Independence Fund of North America	88
Institute of Bank Stationers Cover III	
Iowa-Des Moines National Bank & Trust Co.	95
George Lamonte & Son	2
Lamson Co., Inc.	74
Levey Printing Co.	93
Liberty Mutual Insurance Co.	80
Longines-Wittnauer Watch Co.	79
Lumbermens Mutual Casualty Co.	82
Manufacturers Trust Co.	60
Marchant Calculating Machine Co.	12
Marine Trust Co. of Buffalo	67
Maryland Casualty Co.	7
George S. May Co. Cover III	
Millers National Insurance Co.	9
Moody's Investors Service	16
National Bank of Detroit	81
National Cash Register Co.	15
National Shawmut Bank of Boston	94
National Surety Corp.	4
National Union Fire Insurance Co.	14
New York Trust Co.	75
Omaha National Bank	90
Philadelphia National Bank	62
Public National Bank and Trust Co. of New York	79
Purse Co.	77
R. G. Rankin & Co.	91
Recordak Corp.	47
Royal Bank of Canada	13
L. C. Smith & Corona Typewriters	112
Springfield Fire & Marine Insurance Co.	94
Standard Accident Insurance Co.	66
The Steck Co.	96
The Todd Co., Inc.	73
Whiting-Plover Paper Co.	90
Willard Hotel, Washington, D. C.	96

A SOUTHERN BANK WITH A NATIONAL VIEWPOINT

For a quarter of a century this bank has studied closely not only the development of Mid-South business, but its relation to the national economy. Make this your "point of contact" in this region of growing business.

THE
FIRST NATIONAL
BANK OF
MEMPHIS
MEMPHIS, TENN.



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

IN WASHINGTON
THE AVENUE TO

CONVENIENCE

PENNSYLVANIA
AVENUE'S

**WILLARD
HOTEL**

near a hundred things the visitor wants to see and where the businessman wants to be...

new beds, baths, cocktail lounge and Coffee Shop—

R. F. Warner N. Y. Representative
11 West 42nd St. BRyant 9-6348

For folder, write
"The Residence of Presidents"

H. P. Somerville, Managing Director

BANKING'S DIGEST—NOVEMBER 1939

A Nationwide Report of Outstanding Speeches

Know Your Bank	ROBERT M. HANES	97	Speaking of the War—		
Personal Reserves	BRUCE R. BAXTER	97	No Boom	PAUL F. CADMAN	104
Phases of Real Estate Financing	JOSEPH M. DODGE	98	Economic Stability	FRED I. KENT	104
A Sound Tax Policy	JOHN W. HANES	98	It's Not a Party Problem	RAYMOND MOLEY	104
Bonds and the War	O. PAUL DECKER	99	Will They Buy As Much?	BENJAMIN M. ANDERSON, JR.	104
A Trend	LEWIS F. GORDON	99	Mortgages	FREDERICK M. BABCOCK	105
The Car Came First	HARRY J. KLEIN	99	Remember the Depressions	JOHN A. ZELLERS	105
Investment Fundamentals	WALTER B. ROSS	99	When Peace Comes	W. F. GEPHART	105
The Easy Money Policy	H. DONALD CAMPBELL	100	Our Business After the War	ROBERT F. LOREE	106
Credit to Farmers	WALTER S. COTHREN	100	Government Trusteeship	WILL H. HAYS	106
Independent Banking	HENRY W. KOEKENE	101	Signs of Achievement	LEO T. CROWLEY	106
The Advantage of Two Opinions	WILLIAM R. WHITE	101	Ample Bank Funds	EARL W. COOK	107
Equity Life Insurance Policies	DWIGHT C. ROSE	102	Future Bank Supervision	GUERNEY P. HOOD	107
The Public Interest	HOWARD H. PRESTON	102	Customers' Insurance	KENNETH C. BELL	108
Improving the Country Bank	ERNEST L. PEARCE	103	Good News	E. L. OSTENDORF	109
			Cream Puff Prosperity	ERNEST T. WEIR	110

Know Your Bank

ROBERT M. HANES, President, Wachovia Bank and Trust Company, Winston-Salem, N. C., in his Inaugural Address as President of the AMERICAN BANKERS ASSOCIATION.

OUR first duty as bankers is to serve the interests of our depositors, who have faith in us and in our institutions. We must be true to that faith, or chartered banking will fail and fall. During my term of office I shall mobilize every force in the Association to help our members better serve the legitimate needs for bank services on the part of the general public. More people today are interested in banks as service institutions than ever before. We must continue to meet our responsibilities in this regard.

The work of the Association this year will be built around two phases. The first is "Banking and Business Development." Through our regional conferences and other public contacts, we shall show how banking serves business and makes for employment of men and services. Banking attains its greatest usefulness in times of normal business development. Business achievement results when economic sanity prevails. During the past decade the world has been engulfed in economic and political issues and panaceas. Men have lost their heads, false gods have been worshipped, a doctrine of something for nothing has lured people to chase economic rainbows—all to no avail.

Now there seems to be a turning of the tide. To those who have courage and are awake a new day is dawning. Those who have great followings in pursuit of false illusions are losing ground. Reckless spenders and careless debt creators are on the defensive. I see evidence that economic sanity is returning, and as it comes bankers can again be useful servants of business development.

The second aspect of our work will have to do with the internal management of our institutions. "Know Your Bank" is a phrase you will hear often during the next 12 months. The work of our educational section, the activities of the Bank Management Commission and of the Research Council will be focused upon ways and means of helping to know our banks better.

Their problems, opportunities, and responsibilities will be viewed from many angles. Studies will be made, conferences will be held, results of our findings will be published and studied to the end that we as bankers will better understand how our banks can meet the need of the public for banking activities that are at once sound and serviceable.

The interests of the depositors and of the borrowers are not incompatible when economic sanity prevails. But even in times of prosperity banks cannot be sound unless bankers know their banks and how to run them. American banking has had a long and honorable record. Individuals have made mistakes during the past 120 years of which we are all ashamed. Banking, like government, is founded in law and served by men—neither is divine, both have erred. Government as an institution is not to be blamed if some of its servants prove weak, inefficient, or dishonest; neither is banking.

Government and banking, on the other hand, are constantly trying to improve their services and raise the standards of their officeholders and personnel.

No business in America has a finer record in educational effort than has banking. But we cannot be content with our records; we must establish new ones. The phrase, "Know Your Bank," has a challenge in it for every man in every bank—small or large—in the land.

Personal Reserves

BRUCE R. BAXTER, President, Willamette University, before the AMERICAN BANKERS ASSOCIATION.

THE happiest person is the person who thinks the most interesting thoughts—therefore, the necessity in active, busy days of building up reserves within oneself upon which he can draw in times of unusual stress or in days of retirement. Then only will the most interesting thoughts make for the happiest individual. In this same connection, it is significant that former Premier of France, Leon Blum, defines the truly free man as the man who dares to go to the end of his thoughts. This means that all of his thoughts are such that they could end in acts which would have only good results.

Phases of Real Estate Lending

JOSEPH M. DODGE, President, The Detroit Bank, before the MORTGAGE BANKERS ASSOCIATION OF AMERICA.

EVERY mortgage loan made carries with it three fundamental relationships which also serve to define our general banking responsibilities: The first is between the borrower and the bank that makes the loan; the second is between that particular loan and all other mortgage loans, commercial loans, and investments in the bank's assets; and the third is between the total of all mortgage loans in the bank and the total of all mortgage loans of all kinds in all banks and lending agencies.

We know our losses came in some cases from overlending and poor selection of risks. Experience and charge-offs will tend to correct that. But—the real source of trouble for both the bank and the borrower was in not collecting the principal payments written into the original loan contract when the borrower could pay them. If you study your losses you will find in most cases they never equalled in dollars the amount of principal payment the borrower agreed to make when he received the loan and did not pay. With a sound basis for the original loan, regular payment is the fundamental protection for both parties to that contract.

The second relationship is between the loan made and all other loans in the bank. Here we step from the particular to the general and reach into the realm of credit administration. The issue becomes one of how much or many of certain kinds of mortgage loans shall we make; how much of our assets can safely be invested in mortgages, after giving consideration to the nature of our deposit liabilities and other invested assets; and, particularly, a careful measuring of how much of our commercial loan portfolio is also predicated on real estate assets or transactions.

All this leads up to the lesser known problems and implications of the third relationship, which may be expressed in the question: "What is going to be the effect of all these mortgage loan transactions and what is my responsibility to guide, influence, and control that effect?"

We always have to remember there can be no speculative boom unless it is financed. In this country it has been financed by bank loans arising from bank deposits. It is not the occasional occurrence of too liberal, or speculative transactions in a few banks that makes the trouble. It is the general use of bank credit in all or most of the banks of the country for similar purposes. The individual cases become common and their total becomes large.

The nature of the credit we extend in banks, mortgage or otherwise, has a direct effect on the business cycle because we live in a business economy which is a debt economy. All business activity is conducted with direct or implied promises to pay. All business consists of is the issuing and use of promises to pay and their circulation. The business cycle moves up and down with their volume.

Historically, banks were merchants of money and dealt in coin. Today, they are merchants of promises. They sell their promises to pay in the form of drafts, cashier checks, deposit accounts, and other credit instruments to their customers and buy promises to pay from borrowers in the form of notes, bonds, mortgages, and other evidences of debt. The organization of our society and its business needs them to care for and distribute money and credit. That function makes them a natural focus and clearing house of promises to pay and puts them in a controlling position.

Some people have the mistaken idea that banks create credit. They do nothing of the kind. The borrower brings his credit to the bank and the bank liquefies it and gives him immediate use of cash. The borrower receives cash in exchange for the pledge to the bank indirectly of actually existing values he owns, and shows on his statement, or directly puts up as security. A bank can not create anything unless it makes bad loans against speculative or unreal values, or values that do not exist at all.

CONTROLLING SPECULATION

CONTROL of speculation is an essential part of the banking function. It is part of the administration of credit. If necessary we, as bankers, must be prepared to sacrifice some profits or temporary good will to control it. This control will appear in not competing for bad loans, not overlending as a bank, or overlending to the individual, and always relating the loan to a sound existing value, good until the loan is paid.

We have certain dangers to face in connection with our mortgage lending operations. In their broadest terms they are these: The danger of better than average interest rates at a time of very low rates, leading us into unwise lending for the income return obtainable. The danger of contributing to too great a speculative development of land and building prices. The danger of extending our loan commitments over too long a period of time, for proper protective liquidation or in view of present low interest rates.

We also have the danger of falling too easily to the pressure of this new philosophy that what the borrower wants or needs is all-important. We hear a good deal of careless and uninformed talk about the inherent right of people to borrow bank deposits upon terms specified by the borrower himself. This is popularly called "liberalizing bank credit".

There is only one important question to be answered about bank depositors' money that is being loaned. To whom does it belong? It is not the community's money—nor the public's money—nor the bankers' money—but is always the money of individuals.

Whatever public interest may exist in bank deposits and whatever social responsibility banks have is primarily concerned with the safety of the depositor and the safe management of his money, and not any want of the borrower.

A Sound Tax Policy

JOHN W. HANES, Under-Secretary of the Treasury, before the BOND CLUB OF NEW YORK.

A SOUND tax policy must be based on three fundamental objectives: first, it should produce the necessary revenue; second, with the least injury to the taxpayers and the national economy, and third, with the least trouble and expense to both the taxpayer and Treasury.

To the extent that our present tax system fails to reach these objectives, or sacrifices these objectives for others, it should be revised.

Bonds and the War

O. PAUL DECKER, Vice-president, American National Bank & Trust Company, Chicago, before joint group meetings of the WISCONSIN BANKERS ASSOCIATION.

ASSUMING that the United States does not become a party in the war, that peace efforts are unsuccessful, and that the war drags on for some time, three changes in fundamentals may be said to have taken place.

First is the change in the outlook for business, for it has been distinctly improved by the possibilities of increased armament expenditures both by the United States and foreign governments, by the removal of European competition in the South American market, by the removal of numerous supplies of foreign raw materials from our own or other countries' markets, and by the fears of inflation which will cause the public to stock up with commodities. Already increased stocking up of food and clothing has appeared.

The second change in fundamentals is the change in psychology, for American business men in the future will not be influenced so much by the action of the present Administration as they will be by the propaganda, rumors, and news releases passed through the European censors. Certainly the American business man's viewpoint will vary with the success or failure of the allied armies as reported to him, as well as the success or failure of the administration in political battles.

The third fundamental that has been changed is the relationship of the demand and the supply of money. On the supply side, it can be said with certainty that the increase in supply will continue as gold continues to pour into the country, as the deficit financing policy of the Government is continued, or accelerated, and as the Federal Reserve bank buys bonds, and hence forces money into the market. Certain one can be that these factors of supply will continue to move forward, probably at an increased rate of acceleration.

On the demand side, little, if any, immediate change may be expected. Better business will, of course, bring with it some increase in loans, but not a tremendous increase, and until commodity prices rise and inventory hoarding of one type or another takes place, little may be really expected in the way of new loan demand. Better business will cause the velocity of the circulation of money to increase and as the velocity goes up the need for an ever increasing supply of money will decline.

If one can assume no great Allied reversals that will break a war psychology, and no successful peace efforts with their

deflationary effect on prices, the market prices of Government bonds should soon stabilize and, due to the plethora of funds, move upward. However, it may well bring with it a decline in the disparity of yields between the rates for short and long time money, and a readjustment of the returns available on municipal, corporate and Government bonds. It seems to me doubtful if we will again see obligations of the State of Delaware, due four years longer than the longest United States Government bond, selling to yield $\frac{3}{4}$ of 1 per cent less return than Government bonds.

Out of the recent weeks' experience, those institutions that have followed a consistent investment policy have learned its value and more institutions may be expected to follow such a policy in the future. Such a policy divides itself into two parts: first, the procedure of deciding what to purchase, and, second, the policy governing the quality of purchases. The procedure is simple, involving five steps, as follows: first, an analysis by a bank of its deposits to see what it has to work with; second, an analysis of its local business to see what funds are required by that business, what capital risks are involved in handling it and what income it will produce; third, an analysis of expenses to see what income must be provided to meet those expenses, and provide reserves, surplus and dividends, in order for the institution to operate successfully.

As a result of this analysis a bank knows what funds are available for use in the bond market, what capital risks it can afford to take, and what income must be produced by these funds if the bank's operation is to be successful. Logically, of course, the fifth step in this analysis, an analysis to determine whether expenses should be reduced or whether new forms of local business should be developed in preference to using funds in the bond market, immediately follows.

Once the above procedure has been completed, a bank should as a matter of policy buy only safe bonds—using "safe bonds" to mean bonds whose payment at maturity is certain—to spread maturities so that the account is constantly rolling over, to diversify holdings so as to reduce its risk and to the greatest extent possible buy bonds with limited possibilities of market fluctuations. If this procedure is used, if these buying policies are followed, if the account is constantly watched, and if securities are speedily disposed of, should questions of their quality arise? A banker's sleep will be less troubled; and irrespective of what happens to the Government bond market, or any other market, he will have a good bond account.

A Trend

THE tremendous trend of consumer financing could have a basic effect on the whole future of banking, in which case the future of bank loans will rest to a greater degree in a large volume of small loans direct to a consumer rather than a limited number of large loans to the manufacturer and distributor.

The big objective that remains for us is to cut the cost of marketing and distribution in order to increase consumer buying power for our production volume.—LEWIS F. GORDON, Assistant Vice-president, Citizens & Southern National Bank, Atlanta.

The Car Came First

THERE is no better loan in your bank than a well-made automobile loan. I have seen several instances during the

depression in which a man would lose his home through foreclosure because of non-payment of the mortgage, and at the same time would still find some method of keeping up his automobile account.—HARRY J. KLEIN, President, Royal Industrial Bank, Louisville.

Investment Fundamentals

A PERIODIC examination of basic conditions and trends, such as money markets, the railroad and public utility industries, the financial status of our Federal Government, etc., is a prerequisite to an intelligent and sound investment policy, against which the importance of selecting specific securities suitable for bank investments almost pales into insignificance.—WALTER B. ROSS, Economist, Investment Advisory Division, Manufacturers Trust Company, New York.

The Easy Money Policy

H. DONALD CAMPBELL, President, Chase National Bank, New York, before the AMERICAN BANKERS ASSOCIATION.

EARNINGS are low, of course, because the volume of normal bank borrowing is low. Average rates of interest on loans have this year reached the lowest levels in financial history, and yet low rates have not perceptibly stimulated increased borrowing. Business borrows money when it can use the funds profitably. Artificially low interest rates constitute one major cause of low bank earnings. Another is the widespread decline in commerce, both domestic and foreign, and a third cause has undoubtedly been the apprehension of war.

Added to the handicap of low interest rates is the fact that to a varying extent all banks must face the competition of some Government credit agencies. I would not call attention to this competition unless at the same time I were to give full recognition to the effective work done by certain Government credit agencies in the matter of financial reconstruction during the great depression. To go beyond this and to make use of funds borrowed from commercial banks at rates of interest, fixed at artificially low levels, in order to compete with these same commercial banks, struggling desperately to sustain themselves, seems to me to be both unfair and short-sighted.

Commercial banks are not alone in experiencing the consequences of the present national monetary policies. The easy money policy has permeated the entire economy. The thrifty and prudent have been penalized through its effect on the return from their savings and investments. Millions of individuals are paying more money for life insurance which they carry to protect their families and dependents. Universities and endowed institutions have had to curtail essential services, increase charges and reduce salaries. The easy money policy has constituted a heavy tax upon all who possess capital, whether much or little.

In my opinion, interest rates cannot remain pegged at their present levels. Existing rates do not represent an equilibrium between savings and the demand for long-term funds. For a time, the true situation has been disguised by government deficits, by the financing of these deficits through the banking system, by the swelling of bank deposits, and by the growth in excess reserves.

A RISE IS PROBABLE

UNTIL the beginning of September this made for an inflation in the bond market comparable to that of the stock market a decade ago. That this could not continue indefinitely has become strikingly evident to us in the past few weeks and I have no doubt that interest rates in time will rise to less artificial levels.

In the midst of war uncertainties banks to an increasing extent will be obliged to revise their conception of the risk factors involved in fixing rates of interest on loans. Excess reserves or no excess reserves, we must have an insurance element of a substantial sort in our rates if we are to lend our depositors' money safely in the midst of a great war. In the last war both banks and businesses increased their surplus and undivided profits accounts while the boom was on—and those capital reserves were their salvation when the postwar liquidation came. There may be more differences than resemblances between the course of the last war and the present war, but I have great confidence in the proposition that,

The Primary Function

THE great American system of commercial banks has as its primary function the supplying of credit in response to the legitimate demands of business. While the field of credit has become immensely wider with the passing of the years, the extension of credit to business still remains the function to which we are most accustomed and which I believe will once again attain significant proportions.—MR. CAMPBELL.

sooner or later, we shall find a strong capital structure and an adequate liquidity exceedingly welcome in a time of readjustment.

The recent trend of business activity has been encouraging, and I believe that it will not only continue to improve of its own momentum but that it will also receive a very decided impetus from the new conditions prevailing abroad. I also have in mind the broader markets available to us in Latin America and other parts of the world because of the inability of the large industrial countries of Europe to devote as much attention to them as in the past.

Thus we may expect an increased use of our superabundant bank deposits, a quickening of productive activity, a rise in capital values, and finally, greater employment and a fuller utilization of existing plant and equipment. To set this sequence in motion complete recovery is not required; the improvement we are now experiencing should be sufficient. And I need hardly add that when business men can look forward with confidence to the future policies of the Government, the pace of the improvement will be accelerated perceptibly.

Already there is increased borrowing demand. Rates of interest have shown a rising tendency. Banks are going to have larger income from current operations than seemed probable a few weeks ago. We should and will lend to all sound applicants for loans. If a war boom develops, we must remember to apply all those safeguards that bankers know how to apply in protecting the quality of bank credit—we must do this in justice to our depositors and in fulfillment of our duties as trustees of the country's finances. Our vast excess reserves remove one of the great safeguards of sound banking—namely the necessity to watch our cash position every day. All the more reason for a rigorous application of credit standards!

Credit to Farmers

MEET the competition of production credit associations and other agencies by adopting some of their policies which permanently benefit the borrower.

Study the needs of each individual farmer who applies for a loan.

When you take agricultural paper, know what you are doing for the farmer, as well as for your bank.

Improve the type of your agricultural paper by seeing to it that the funds are used as a part of a planned, long-time program for the betterment of the farmers' agricultural, economic and social condition.—WALTER S. COTHRAN, Vice-president and Trust Officer, National City Bank, Rome, Georgia.

Independent Banking

HENRY W. KOENEKE, Second Vice-president, American Bankers Association, and President, The Security Bank of Ponca City, Oklahoma, before the Association's STATE BANK DIVISION as Division President.

WE cannot look with favor upon the current efforts to centralize control of the banking system.

Compulsory Federal Reserve membership and current efforts to center financial control in Washington represent an attempt to undo and reverse the principle that has prevailed through 150 years of struggle.

Such a centralization cannot be justified by a "horse and buggy" allusion to the past. America did not grow up in Washington or Wall Street or any other single city. America grew up in the northeast, in the southeast, in the middlewest, in the northwest, and the southwest. Each section developed its own economy and habits, its social life and customs, even its own accent and sometimes its own vocabulary. Each contributed its strength to the nation. It is a new idea that each must depend for its strength on Washington.

A great onslaught was made on the banking system this past year under the guise of efforts to provide credit and capital not available through the normal channels. The proposal for insured loans was but a small phase. A larger objective seems to have been the establishment of a system of Government banks. Government witnesses appeared before congressional committees with a new theory.

Briefly, the theory held that the country had achieved economic maturity, that there no longer is room for great industrial development and expansion, that industry no longer offers opportunity for investment. Therefore, capital is not being invested and the economic machine is slowed down. Hence the Government should undertake to assure economic activity by taking savings and investment capital and investing it in industry and public works. Thus would discredited pump priming be made permanent.

It was confessed by one Government official that under this program the Government would ultimately come to own

most of the productive units of the country. That means the end of free enterprise.

Under the Wagner Resolution passed by the Senate, hearings will be scheduled on the entire banking set-up. There is no doubt but that a challenge will be made against the dual system of banking, seeking exclusive Federal control. This Division must consolidate its efforts and be prepared to present factual information to this committee.

One can readily see that socialized lending can easily stifle private enterprise. I am sure that the American people are not ready for this.

We regard centralized control of banking as opposed to the democratic American way of locally owned and managed credit institutions.

The country itself has been kept unsettled for a long period of time by means of endless legislative innovations. What we need now is a resting period in which to absorb the changes that have been made.

I am old fashioned enough to believe that deep down in the hearts of every thinking American rests an attitude of loyalty to our democratic form of government and that we are all willing, as individuals, to accept our responsibilities as we understand them. While business men are reluctant to participate in partisan politics, if we wish to enjoy to the fullest extent the heritage left us by our forefathers, we must accept responsibilities and make personal sacrifices. I am sure you will agree that we should become more active and assist in shaping the policies of our Government by familiarizing ourselves with the problems confronting the nation, and be willing to accept the responsibility of leadership and go down the line for sound principles without regard to party affiliations.

Europe is at war. Who can say that we will be able to keep out of it, or what trials we shall have to face in the years immediately ahead. Instead of tearing our structure apart and introducing new conflicts among ourselves, we ought to be building it up to render the greatest possible service and to contribute the greatest amount of stability to the country.

The Advantage of Two Opinions

WILLIAM R. WHITE, New York State Superintendent of Banks, before the NATIONAL ASSOCIATION OF SUPERVISORS OF STATE BANKS.

DESPITE the charges which have been made to the contrary, I venture to say that overwhelming evidence can be produced to show that the activities of bank supervisors in this country do not interfere with the proper operations of the banking system.

It is a grave mistake to assume that because two agencies possess similar or identical authority for a particular purpose, conflict must therefore arise in the exercise of such authority. Experience generally has shown, I believe, that there is no reason for such conflict so long as supervisors are willing to cooperate toward a common objective. We know from experience that the fact a bank is subject to examination by more than one agency does not necessarily result in confusion or conflicting supervisory measures. On the contrary, I believe that many bankers feel that the advantage

to be gained from two independent expressions of opinion with respect to their institutions usually outweighs any disadvantage which may occasionally result.

The argument that all supervisory power should be consolidated in the interest of efficiency carries a subtle appeal to those who are unfamiliar with the history and functioning of our banking system. It is probably true that centralization in any branch of government makes for efficiency for some purposes. The question which the public of this country must decide is whether efficiency gained at the cost of surrendering safeguards against absolute rule is worth the price.

If today we were to consolidate into one agency all the powers possessed by the various bank supervisory authorities now in existence, we would have gone a long way toward creating a dictatorship over the banking and monetary system of this country. Such centralization is not only unnecessary but highly dangerous to the continued existence of both our banking system and our form of government.

Equity Life Insurance Policies

DWIGHT C. ROSE, President, Investment Counsel Association of America, before the AMERICAN LIFE CONVENTION.

BBRITISH, French and other European life insurance companies have for many years carried an average of around 15 per cent in common stocks in addition to their holdings in preferred issues. These managements consider this modest holding in equities necessary to give proper balance to their portfolios and to protect them against the higher operating costs that might occur with increasing commodity prices. They do not consider that our American life companies' concentration in fixed-income securities is altogether suitable or sound, even to protect policyholders in terms of dollars.

Perhaps a gradual change toward a balanced portfolio to include a modest holding in equities would be the most practical first step in the adoption of equity investments by American life companies. Whatever plan is adopted, care must be taken to make sure that the abuses of stock control, and of participation in underwriting profits or banking operations, as brought out in the Armstrong Investigation of 1906, are not repeated.

From the policyholder's standpoint, however, the inclusion of a small equity participation in life insurance reserve funds, against the regular "dollar" policies now issued, would do little toward solving his basic problem of "purchasing power" protection. There is probably no thoroughly satisfactory solution to the problem, but as there has apparently

been little research on it we do not know what the opportunities may be, and it opens up a most interesting field for actuarial exploration.

The reserve fund protecting an "equity policy" would be invested in common stocks or other suitable equities, against which policyholders or beneficiaries would have a certain number of units of participation, similar to the participations or shares issued in a mutual investment trust. The premium, face amount, cash surrender, and all other values associated with such an equity policy would be expressed in terms of units of participation in the total equity reserve fund. The dollar value of premium, face amount, or cash surrender, would of course vary from time to time with the changing dollar value of the equity fund. When the prices of equities are high, the units of participation would be worth a correspondingly greater number of dollars; when the prices of equities declined, each unit of participation would be valued at a correspondingly smaller number of dollars.

One advantage of this plan is that it would limit the development within the scope to which policyholders themselves showed a voluntary desire to embrace it. I would further suggest that each company might put a limitation on each equity policyholder of 50 per cent of total insurance carried, so that at no time would a policyholder be permitted to have more than 50 per cent of his life insurance protection represented in equity investments. It also probably would be advisable to set up these equity policies so that no loans could be issued against them.

The Public Interest

HOWARD H. PRESTON, Dean, School of Economics and Business, University of Washington, before the AMERICAN BANKERS ASSOCIATION.

POSSIBILITIES for the future are that governmental participation in the loan field will be gradually terminated. Many existing agencies were created to meet the emergency.

It is obvious, however, that even those institutions that were presumably temporary are liquidating slowly if at all. The same is true of insured loans. The period of Government guaranty of modernization credit loans (Title I) was at first to terminate in 1936. It was twice extended with some modifications, lapsed for a time, and was revived in 1938 to meet the recession. The Government guarantee of insured mortgages under Title II was at first limited to those insured prior to July 1, 1937, and it, too, has been extended. Viewing the record of the past six years does not offer much prospect for the early withdrawal of the Government from the loan field.

At the other extreme stands the possibility that the Government may take over all lending operations by outright ownership of the commercial banking system. I do not see any strong probability that this will take place. Business men are generally opposed to Government ownership of banks. The history of Government credit-granting shows the dangers of political influence and stands as a strong deterrent to a complete transfer of the control of credit from private institutions to public hands.

The eagerness with which banks seek to adapt their credit policies to changing economic conditions will have a signifi-

cant bearing upon future developments. It must be conceded that the public interest is paramount. It is the continuing responsibility of the bankers to show that this interest can be best served by retention of the private administration of credit.

The breakdown of deposit insurance might result in Government ownership of the banks. This means that the banks must vigorously support sound administrative policies to the end that failures may be minimized.

The outlook for the future is for a continuation of the present system of privately-owned banks with supplementary governmental agencies. I expect to see an extension of the use of insured loans but believe they should be restricted to loans that banks are willing to hold for their own account. I observe that banks, loaded with idle funds, are making FHA loans in the higher loan-to-value ratios or with longer maturities with the expectation of selling them to the Federal National Mortgage Association. This practice is likely to bring repercussions. Should banks make loans that they believe to be unsound? Will the association long permit itself to be the dumping ground for weaker loans without expecting a proportionate share of good loans to average its losses?

A banking change fraught with great possible social significance is the increased powers of the monetary authorities. Legislative changes and the great influx of gold have given to the Treasury and Federal Reserve increased powers. Acting together they are in a position to dominate the money market.

The whole problem of credit control and the possible conflict of policy between the two monetary authorities is one of primary social importance.

Improving the Country Bank

ERNEST L. PEARCE, Executive Vice-president, The Union National Bank, Marquette, Michigan, before the AMERICAN BANKERS ASSOCIATION.

HOW must we direct our activities to improve and preserve the country bank?

First, we should streamline our banks. We should perfect the functions we now perform. We must bear in mind that the banking business is selling, it is merchandising, just as in the commercial field, except that it has only one basic commodity to sell.

We must streamline our accounting and equipment, for this is a machine age. It would appear that many bankers haven't discovered this. It is important that the bank's products be properly manufactured; that is, that the banker keep abreast with improvements in the mechanics of banking. The old pen and ink method on ledgers, remittance letters and correspondence, would have little chance today in competition with the bookkeeping machines, the transit machines, the typewriters and Recordaks.

As merchandising today is devoting close attention to the packaging and display of a product it may be well for the banker to consider also the setting in which he works. Too often a bank's rooms, beautiful though they may be, create an atmosphere of austerity, of aloofness, even of unfriendliness. It may be that even some comparatively inexpensive alterations of the cages, of the check counters, the installation of air conditioning, remodeling or placing of comfortable chairs will aid in creating an air of cordiality, will help extend an invitation to the public to enter and feel at ease.

Second—to improve and preserve the country bank we should make our banks laboratories of thrift. The Government may regard the success of its cheap money policy as a triumph in Federal financing, but if it can take any pride in this accomplishment it is a hollow one, for it is at the expense of that great mass of people who have been brought up to believe thrift a virtue and who now find it difficult to derive a sufficient income from their savings on which they depended. It is indeed with keen regret that savings banks have been obliged to cut their interest rates to the bone.

In the long run it will be the Government that will suffer most from its cheap money policy for it is rapidly succeeding in killing off thrift, the real backbone of its security. We country bankers must be concerned, we must combat such tendency, we must meet the challenge and encourage thrift, and one way to do this is to make our 14,000 country banks "laboratories of thrift." Let us go slow in turning deposits away, let us be cautious before cutting interest rates further, let us find new ways to provide earnings which will permit at least respectable interest rates for the nation's vast army of savers.

RESEARCH

THIRD—to improve and preserve the country bank we should go in for research to carry the business of the country bank into broader and more useful fields. Scientific research in banking is just as necessary as in any other line of business or industry. It has saved the day for many of our large concerns and can do as much for banking. There is an imperative need for research as we face the opportunities and responsibilities of these changing times. Its development should not be confined to the activities of the American Bankers

Just Three Putts

THERE is a simple formula outlined in a story concerning an old negro. He was asked what he thought would cure this old depression. He replied that it was something they use in a golf game. It required just three putts. First, "Put your faith in God, put your Ford in the shed, and put your folks in the field."—MR. PEARCE.

Association, which has not only early recognized the need and made remarkable strides in this direction, but should be carried on in state, county, and local associations. We country bankers can do much to foster, promote, and encourage research activities in these organizations.

Fourth—to improve and preserve the country bank we should improve our banking knowledge. This logically should be developed in three different directions: education of ourselves, with constant desire to raise the professional standards; education of employees, using every possible method to improve the efficiency and broaden the knowledge of the personnel; then the education of our customers and the improvement of our public relations.

As a result of wise leadership the American Bankers Association has for years shown phenomenal growth in making available to the bankers of America a program for self-education which has been in keeping with the times. We little realize that it was almost 40 years ago that the American Institute of Banking was launched and it has continued with such success that there are today over 40,000 bankers improving their knowledge.

Outside of these activities the most important development in education in banking in recent years is a remarkable growth of banking conferences sponsored by bankers' associations. Further, there is the inclination to make all the national regional and state conventions avenues for dissemination of the best possible information on current banking problems. The country bankers should profit by attendance at these various meetings where our associates give us in condensed form their studiously acquired knowledge.

FAVORABLE PUBLIC RELATIONS

LAST and by no means the least in providing for the future of the country bank is another phase of education—the cultivation of favorable public relations. We must constantly endeavor to interpret the science of banking and the necessity for our banking system to the public. We must educate the public mind to a proper understanding of the way in which banking serves business and industry and the way in which it contributes to the welfare of the community. We must arouse an unshakeable belief in the necessity for our banking system. We must create a favorable impression of the integrity of the system.

We have still another and important job to do. Precisely, it contemplates that our 14,000 country bankers assume the role of instructors who shall educate the public on economics as pertains to money and banking. Possibly they should assume the role of preachers for it seems that we must soon return to the "old time religion" of working and saving and living within our income. We must abandon the dream that the Government is all-wise and all-powerful enough to plan or control all agriculture, business, and industry.

Speaking of the War—

No Boom

I CAN see nothing in the present scene which indicates that type of inflation which reaches boom capacity. On the contrary, it seems to me that inflation at this moment is remote. One ought to reckon with the immense powers of production, the paralyzing of transport, the conditions in the money market.

One ought to see that the stage is not set for one of those furious periods of demand. The purchasing power which France and England have in terms of American securities which they hold and of their present gold reserve will no doubt be conserved; they will not be spent quickly but will be held in check against the emergency that may develop if and when this becomes a long war.

I can see none of the forces that will unsettle our price structure nor can I see any of the forces that will bring it to boom proportions.—PAUL F. CADMAN, President, American Research Foundation, San Francisco.

Economic Stability

THE condition that prevails in the United States today, under which nearly 10,000,000 persons are unemployed and the Federal budget is running huge deficits from year to year, must be corrected immediately or we will have to face a very real disaster.

The great war that is now going on says to our Government and to our people in no uncertain terms that they must get together and take such action as is necessary to restore industry in the United States or we will be unable to hold our own in this world turmoil. This requires the rescinding or correction and clarification of all laws that prevent the sound functioning of private enterprise that are in existence today.

Government must ascertain from industry what laws are involved and industry must cooperate and collaborate with Government in obtaining their amendment or elimination.

When this is accomplished and industry is functioning soundly, the unemployed in large proportion will be absorbed thereby decreasing the expenditures of government, greater profits will be available that will increase Government income on reduced taxation and the United States will be able to balance its budget and move into position to meet any emergency that may befall it.

It is the duty of government and of the people to find the way to economic stability. They can only find it by working together faithfully and in confidence. This must be done. The solution of our problems will help the world. It will bring peace nearer, strange as it may seem.

When we have found the way to economic stability we will at the same time uncover the best means to prevent a false peace as the aftermath of the horrible war now in progress.—FRED I. KENT, Director, Bankers Trust Company, New York.

It's Not a Party Problem

WE must prepare ourselves for any eventuality. We must give up the luxury of mere partisanship. And that means all of us. Republicans must not oppose the legitimate aspirations of the people of this country in the process of opposing the party in power. Democrats must not seek to perpetuate themselves in power under pretext of building up national

London, Paris, Berlin

WHATEVER may be the issue of the present struggle, and in whatever way it may be brought to a conclusion, the world will not be the same world that we have known before.—Prime Minister CHAMBERLAIN.

WE have taken up arms against aggression. We will lay them down only when we have certain guarantees of security which may not be put in doubt every six months.—Premier DALADIER.

DESTINY will decide who is right.—Chancellor HITLER.

defense, preparedness or whatever. This is an American problem and not a party problem.

A great many people have expressed the hope—and I believe it is a legitimate hope—that in mobilizing American resources the Administration will utilize to the fullest extent the ability, the influence and the patriotism of the opposition. In such a time, all of the brains and experience the country possesses ought to be used for the purpose of keeping our industrial plant on an even keel, our financial affairs in sound condition and our Government operating in the most competent and economical fashion. From what party or faction within a party the man-power comes for these great tasks is unimportant. The important thing is to get the best men to work and get them to work as rapidly and effectively as possible.

Moreover, we need at this time a united people, not a regimented or disciplined people, but a people conscious of their common destiny and conscious of their dependence upon one another. I am hopeful that in Washington the long war between Government and business is reaching an armistice at any rate, if not a peace.—RAYMOND MOLEY.

Will They Buy As Much?

THE participants go into the war a great deal weaker than they went into the last war so far as economic resources are concerned. But the war in 1939 is a much more highly mechanized thing than the war was in 1914. It will probably exhaust the economic resources of the belligerents more rapidly than the last war did.

There are many uncertainties in forecasting the length of the war. Compromise and early peace are not precluded. Uncertainty regarding Russia, Turkey and Italy complicates the problem. A violent aircraft effort might end it suddenly. But if it continues to the point of exhaustion it is hard to see how it could last four years.

England and France will have enough cash to pay for what they need. But will they buy as much, as eagerly and with as little regard for price as they did in the last war? I think certainly not in the beginning. They already have stores of many kinds that they did not have in 1914. They will buy only absolutely necessary things if they carry out their present apparent policies of restricting civilian consumption from the very beginning. Further, Great Britain apparently intends to introduce something like totalitarian methods through the British Empire, and the free dominions appar-

ently are willing to play along, which may mean that Britain will be able to buy a great deal more from the empire itself with sterling well below world prices.

There appears to be widespread expectation that the elimination of Germany from trade with South America and the reduction of British exports to those countries will make a vacuum which American exporters can rather promptly fill, and that our exports to South America should expand pretty rapidly.

German exports to Latin America amounted to \$249,000,000 in 1938, and British exports were \$179,000,000. It must be observed, however, that elimination of South American exports to Germany may reduce South American buying power, while the impaired efficiency of sterling makes real complications of a sort not easily measured. There may be a further problem of shipping and ocean freight rates.—BENJAMIN M. ANDERSON, Jr., Professor of Economics, University of California at Los Angeles.

Mortgages

THE ultimate effects of the war on real estate and mortgage investments will probably depend on its duration. It is probable that the early effects will be more stimulating than retarding.

Some people say, quite wrongly I think, that a pick-up in the demand for commercial loans will cause many banks to abandon their activity in the mortgage loan business and to devote their excess funds exclusively to the commercial field.

It is commonly agreed that banks as a whole have more than enough excess funds to take care of almost any given amount of increase in the demand for commercial money, and that there will still be plenty of room in their portfolios for mortgage loans, especially those insured by the Government and returning a substantial yield over a long period of years, with less risk and greater investment return than most commercial loans can possibly offer.—FREDERICK M. BABCOCK, Assistant FHA Administrator.

Remember the Depressions

LET us remember the depressions which followed the last war, and which swept away our gains, and left us worse off than before, and try to avoid over-extending ourselves again. We stand to lose not only our economic equilibrium but our form of government if we allow ourselves to be caught in another great war.—JOHN A. ZELLERS, Vice-president, Remington Rand, Inc.

IN war labor must perform most of the work and do most of the dying.—JOHN L. LEWIS.

BY prohibiting the sale of these weapons of attack on civilians and permitting the sale of these weapons of defense of civilians we are not stepping deeper into this war, but stepping away from the pitfalls that may lead into it.—HERBERT HOOVER.

LET'S see who will be annihilated.—OTTO DIETRICH, German Press Chief.

IT was for Hitler to say when the war would begin, but it is not for him nor his successors to say when it will end. It began when he wanted it, and it will end only when we are convinced that he has had enough.—WINSTON CHURCHILL.

When Peace Has Come

FOR the immediate future I can see little in the situation which is basically encouraging for international trade. I find little consolation in the fact that our trade with Latin America will probably increase somewhat in that we will replace some European supplies of these markets.

It is easy to over-emphasize what the increase in this volume of trade may be. For, in the first place, the financial situation in some of these countries is none too strong for this purpose, and, in the second place, the standard of living in some of these nations is not very high and the density of population as a whole is not very great.

It would seem that the most important thing for us to do if we wish to secure and retain a greater volume of this Latin American trade is to increase our imports from these countries in order that these people may have the wherewithal to pay for our exports to them.

Nevertheless, over the longer period I am not in the least pessimistic about the future volume of international trade. Regardless of how strong the spirit of nationalism is or to what heights it may rise in practice in nations trying to become self-sufficient, and regardless of how powerful a dictator may become under this nationalistic system, all this cannot nullify the fact that nature has endowed countries with differences in climate, soil and other natural resources which give them *ipso facto* an advantage over other countries in the production of certain commodities.

In addition, there is the fact that through many years, certain nations have developed skilled labor and an efficient business organization which also equally contributes to differences in cost of production and supplies a basis for international trading. There are thus both the natural and human factors which make differences in costs of producing goods and, therefore, a natural normal basis for international trade.

When wars are over, when surging nationalism has subsided, when peace has come and makes possible calm thinking, then the leaders in all nations desiring, as they do, the highest possible standard of living for their peoples, will realize that nothing can contribute so much to this end as the free flow of goods into international trade. When that day has come, whether it be five or ten years from now, we will see a per capita volume of international trade exceeding that of any that has ever prevailed in the history of the world.—W. F. GEPHART, President, Bankers Association for Foreign Trade.

IF America really wants to help the world most, she will not join herself to the dilapidated wreckage of the nations, but will prepare herself, when peacemaking comes, to be still free, her house in order, her resources unimpaired, aligned with kindred neutrals, ready to throw the influence of a great nation on the side of a peace that can last.—HARRY EMERSON FOSDICK.

THE priming now is not coming from Government money—putting us further in the red—but from the operations of industry itself. If proper action is taken, this more substantial and firmly founded forward move may perhaps be made to oust the tragic forces that gave it origin. After the war is over there will be lessening of demands, and economic adjustments of the most adverse character. This consideration, however, should strengthen rather than lessen our resolve to realize to the full the lift from the present move.—ARTHUR BALLANTINE, former Undersecretary of the Treasury.

Our Business After the War

AS for the future of American business in Europe after the war, here one can only speculate. There are so many imponderables that it seems wise only to raise questions.

A great deal will depend, will it not, on the length of the war and on what additional nations may finally become involved in it. The last war involved more than 65,000,000 mobilized belligerents. More than 8½ million were killed or died. The world had not yet recovered from the economic losses the last war engendered when the present war began. German, and I think Central European trade generally, never recovered the same position they held before 1914, except perhaps for the period when we were extending liberal credits that enabled them to procure a very considerable amount of our goods. England and France, which apparently did not suffer the same economic exhaustion, except for the depression years, and those European countries that were able to maintain their neutrality during the world war evidently were able to increase their trade with us.

Will not the economic drain that the present war is likely to impose on all the belligerents have a distinct tendency to reduce our exports to Europe to a figure which will more nearly correspond to our future imports? If submarine and aerial warfare of Germany continues to reduce French and British and neutral tonnage, and if there is no replacement urge in this country due to an embargo on our ships going into belligerent waters, will there not be a serious shortage of freight in the world to carry even the present trade?

Is the result of the war likely to be to extend the handicaps of exchange restrictions quotas and high tariffs that have had so much to do with restricting the free flow of commerce during these depression years?

It has always seemed to me that imports which are some other country's exports aside from those imports required to maintain life, are luxury or semi-luxury in the life of a country and dependent therefore on domestic prosperity. If this is a sound generalization, if the present war is protracted and

SOONER or later we must demand the freedom of this continent and its surrounding islands from the dictates of European power. American history clearly indicates this need. As long as European powers maintain their influence in our hemisphere, we are likely to find ourselves involved in their troubles. And they will lose no opportunity to involve us.—CHARLES A. LINDBERGH.

WE as a nation should attend to our own affairs so that we will be better able to see the problems of Europe in their true perspective. We will then be less likely to clothe that naked struggle for power abroad with an idealism dangerous to our well-being.—JEAN C. WITTER, as President of the Investment Bankers Association.

impoverishes those engaged in it, must we not look forward to a very considerable diminution of our European trade? Will the shift to inter-Empire trade that the war may force upon Great Britain survive so that country will no longer remain our best customer?

I raise these various questions not because I feel that I know the answers but because, looking back into former war days and the years immediately following, short-sightedly I believe we built beyond our normal trade requirements, and unless we appraise our future with some degree of intelligence, do we not run the danger of a similar repetition?

I think we all agree that no immediate prosperity could compensate for another period of depression such as we have known for the last ten years. Even if the immediate effect of the war is to stimulate, rather than depress, our foreign trade, its ultimate effect must be to inflict incalculable losses on the whole world, including ourselves. But the extent of those losses will be minimized insofar as we succeed in gauging the future correctly and in avoiding a repetition of our past mistakes.—ROBERT F. LOREE, Vice-president, Guaranty Trust Company of New York.

Signs of Achievement

LEO T. CROWLEY, Chairman, F.D.I.C., before the NATIONAL ASSOCIATION OF SUPERVISORS OF STATE BANKS.

WE have seen the number of banks continue to decrease as a result, principally, of the weeding out of uneconomic units; we have seen the banks as a whole achieve a sound and healthy asset position; we have seen the depositors of insured banks that encountered difficulty freed of any inconvenience or distress through prompt operation of the Federal deposit insurance plan.

Considerable progress has been made in educating bankers to the necessity of restricting dividends in order to build their capital accounts in adequate proportion to the growth that has occurred in their deposits.

As a general rule, bankers are managing their assets in conservative fashion, acquiring only sound evidence of debt and carrying them at reasonable values.

These are the signs of achievement. They are equally the signposts that point the way for our continued efforts during the years to come.

Government Trusteeship

WILL H. HAYS, President, Motion Picture Producers and Distributors of America, before the REGIONAL TRUST CONFERENCE OF THE PACIFIC COAST AND ROCKY MOUNTAIN STATES.

WE hear a good deal these days about business confidence, which means confidence of business in itself, in its government, and in its capacity for expansion. But confidence is only another way of saying that people believe each other, keep their promises, pay their debts, and regard their

duty to society. As long as business observes these rules, it will have the confidence of the community and it will be safe from all of the irresponsible attacks of its enemies.

In the relations of business with government—the common government which we all recognize as our servant and our means of mutual existence—confidence is a prime necessity.

Business must believe that members of the government themselves are observing fundamental principles of trusteeship.

Ample Bank Funds

EARL W. COOK, President, Second National Bank, Bucyrus, Ohio, before the NATIONAL BANK DIVISION, AMERICAN BANKERS ASSOCIATION, as Division President.

WITH deposits at the highest peak in banking history and bolstered by a capital structure greater than ever before assembled, the lessened opportunities for employment of bank funds present problems most difficult to solve. The additional vast sums in private hands, seeking but unable to find investment, add materially to the seriousness of the dilemma. However, despite the diminished total of loans and investments in national banks reported for the year, the more recent slight increases are mildly encouraging, and give rise to the hope that the decline, which was almost continuous from 1929, will be reversed.

Recent developments abroad—particularly the outbreak of war in Europe—have given stimulus to business activities in our own land, and while these developments are so recent that sufficient time has not elapsed to gauge accurately the ultimate effect upon American business, temporarily at least banks in all likelihood will experience an increased demand for loans, firmer money rates, with consequent increased earnings.

As conditions now exist there are ample bank funds available for loans, nor is there any doubt that banks not only are willing, but eager to lend. This Division has investigated this subject to learn something of the degree of determination with which new loans are sought. In some cases lack of continued effort to make loans brought about the result of lack of response on the part of the borrowers to use bank funds to expand their businesses. In communities in which constant efforts to place additional funds have yielded no results, there is in evidence a lack of that aggressiveness which is always found to underlie expanding business activity. This may be accounted for in some measure by the type of local business which, because of its nature—either because of the type of industry or agriculture—does not find that bank credit can be profitably employed.

On the other hand there are many outstanding cases of gratifying results attained by demonstrating to borrowers the advantages of dealing with banks. Banks know they can offer more satisfactory loan plans, and a considerably greater percentage of the curtailed total lending may be within the reach of banks if borrowers who find ways to use additional funds can be convinced of the superior services offered by banks.

Future Bank Supervision

GUERNEY P. HOOD, North Carolina Commissioner of Banks, before the National Association of Supervisors of State Banks, as President.

WHAT of the future? I most earnestly recommend the following:

1. The office of the Comptroller of the Currency should be abolished and its duties and personnel transferred to the Federal Deposit Insurance Corporation.
2. Authority to examine state member banks by the Board of Governors of the Federal Reserve System should be delegated to the FDIC, and the examining personnel of the Board transferred to that Corporation.
3. The ex-officio member of the board of directors of the FDIC should be eliminated, and the appointment of a third full-time member authorized, the salaries of the three members to be not less than \$15,000 a year each.
4. Congress should authorize the FDIC to erect a suitable building in Washington, D. C., on the land adjoining the Federal Reserve building, to be occupied exclusively by the Corporation.
5. There should be created an advisory council to the FDIC composed of representatives of national banks, state Federal Reserve System members, state FDIC member banks not members of the Federal Reserve System, and state supervisors.
6. Provision should be made for semi-annual examinations of all national banks by the FDIC, with the understanding that the banks are to pay for one examination and the corporation to absorb the cost of the other examination, and with the further understanding that copies of all reports of examination of national banks shall be furnished to the Board of Governors of the Federal Reserve System.
7. Provision should be made for the annual examination by the FDIC of all state chartered FDIC member banks, the

costs to be absorbed by the Corporation, with the understanding that copies of the report of examination of Federal Reserve System members shall be furnished the Board of Governors of the Federal Reserve System, and copies of the reports of examination of all state banks shall be furnished the state supervisor of banks.

8. The state supervisor should make an annual examination of all state chartered members of the FDIC, and have authority to make special or supplementary examination if necessary, copies of all reports of examination of member banks to be furnished the FDIC. That the state supervisors have authority to make semi-annual examinations of all state chartered banks that are not members of the FDIC. That the cost of all examinations above mentioned shall be paid for by the bank.

9. After the above has been accomplished, all supervision procedure should be made uniform in its entirety.

10. That all supervisors, state as well as Federal, and all of those having to do with the management and operation of banks, should have a part, either through correspondence or actual attendance, in the classes of the American Institute of Banking, and in The Graduate School of Banking conducted by the American Bankers Association at Rutgers University.

11. That all state supervisors, in complete cooperation with their educational authorities and their banking associations, most earnestly endeavor to organize annual bankers educational conferences for instruction in all lines of management and operation. Where a state's resources along these lines are limited, or where it is otherwise advisable to do so, that two or more states join in such endeavors, to the end that banking education may be earnest, consistent, periodical, and at all times thoroughly up-to-date.

12. That every endeavor be made to have directors and employees know their own institution thoroughly and have a

knowledge of banking generally; otherwise the former fails in directing and the latter in upholding the high calling of the profession. Every banking institution should be properly represented in the A.I.B. classes as well as at all bankers educational conferences.

Why are these suggestions for our future made? Just so long as states have the authority to charter banking institutions—and I seriously doubt if this authority can be taken from them—they will have the responsibility and solemn duty of supervising these banks, and doing all that is possible to make them safe for depositors and stockholders.

There is no just reason why the United States Government should have three separate agencies, all authorized to supervise banking institutions when one agency could do a much better job and would receive the better support of the people as a whole and of Congress.

The logical Federal agent to perform this service is the FDIC, as it is the only Federal agency that has a direct interest in all of the banks represented. Its member banks must be kept sound, or the Corporation will fail. If the Federal Deposit Insurance Corporation fails, it will be the death knell of private ownership of banks in this country.

Customers' Insurance

KENNETH C. BELL, Second Vice-president, The Chase National Bank, New York, before the AMERICAN BANKERS ASSOCIATION.

LET us look at a few types of strictly customers' insurance in which banks have a real concern.

For the first example, let us take depositors' forgery insurance. While such insurance has certain limitations in its attractiveness for our depositors, it nevertheless has a real value for them and, so far as the bank is concerned, such policies provide very desirable coverage. The standard forms of depositors' forgery bonds undertake, even if in a limited way, to protect the banks of deposit as well as the named insured. This coverage can therefore be looked upon as anti-litigation insurance. That feature of it is often stressed by the companies' agents. It is designed to eliminate any direct cause of action between the customer and his bank of deposit.

Also, the use of mechanically signed checks is growing among our larger business organizations because of the internal economy which such a device affords. For the paying bank, these checks are exceedingly dangerous because there is no possibility of detecting a forgery or a wrongfully issued check. Therefore, as a very important and effective means of loss prevention for our banks, I suggest that we should require depositors' forgery insurance from such customers as make use of mechanically signed checks, in addition to requiring from them an indemnity agreement in the form of a resolution adopted by their boards of directors which will relieve the bank of liability for the payment of forged checks bearing facsimile signatures resembling the authorized specimens filed with the bank. These indemnifying resolutions are already being required by the banks in several metropolitan centers. Such resolutions are indispensable, but the depositors' forgery insurance is also important if the banks are not to assume an entirely unfair burden in honoring facsimile signature checks. I see no objection to a bank's paying the reinstatement premiums on losses under these policies, since it also is indemnified, if the depositors are otherwise unwilling to file claims under their forgery policies.—And when dealing with facsimile signature checks, may I suggest as one of the most effective measures for preventing protracted forgery schemes the very frequent return of cancelled vouchers, daily if possible? Are you doing that?

In the trust field, banks have for some time been accustomed to the use of the standard mortgagee clause in fire policies to protect their interests as mortgagee. These standard clauses are also used in the case of individual mortgagees. By the use of the clause, particularly the mortgagee clause without contribution, the mortgagee is protected against

acts of the insured which are beyond the mortgagee's control and which might serve to suspend the insurance or render it void were it not for the existence of the protecting clause. Under certain circumstances this protection can be as important to the mortgagee as is the control of loss payments for which provision is also made under the standard form. This device is an outstanding example of protection afforded the bank at someone else's expense. But even here, the cooperation of the bank is necessary to assure compliance by the insured with the coinsurance conditions of the policy, if the insured property be located in a state which requires or permits coinsurance provisions in the fire policy. Otherwise, the bank as mortgagee may have to absorb a portion of the uninsured loss.

COMMODITY POLICIES

IN connection with customers' commodity policies, there has recently been developed an adaptation of the principles of the mortgagee clause so long used in building and contents policies. A number of the larger New York banks during the past year or so have been requesting of their customers to whom they make loans against the pledge of commodities, copies of such endorsements executed for attachment to policies covering commodity shipments, warehousing, or processing. By this means the bank controls loss payments, and has due notice of intended policy cancellation for any cause, and also has protection against the voidance of the policy through any acts of the insured beyond the control of the bank. These endorsements are extremely valuable. When appropriate, they can be applied to inland or ocean marine insurance as well as to fire policies. Little, if any, company or customer opposition will be made to the issuance of such special endorsements, but they must be prepared by the bank and they must be requested. The loaning bank has a real insurable interest in such commodities which deserves protection. Like the mortgagee clause, these commodity endorsements constitute an excellent adaptation of a customer's insurance to meet his banking needs while at the same time providing proper indemnity for the loaning bank.

Another example, common these days, of the practical combination of loss prevention and loss indemnity through customers' insurance lies in the group life insurance arrangements of banks which have small personal loan divisions. The device of insuring the lives of all such borrowers in decreasing amounts which will at all times reflect the outstanding indebtedness of the borrowers is an excellent safeguard for the bank and for the debtors' estates. Here also, loss prevention and loss indemnity are provided without premium cost to the bank.

Don't Overdo It!

IT would seem that because of our own direct interest in such insurance we may have to pay considerably more attention to our customers' coverages in the future than in the past, possibly to the point of analyzing and commenting upon specific policies in some cases. However, that service must not be overdone. Our banks must avoid setting themselves up as insurance counsel and they should not in that regard invade the field of company representatives, agents and brokers. Nor should we invite the responsibility of persuading our customers as to their insurance arrangements unless we have a direct insurable interest in their coverage. But a frank discussion between the customer and his bank of the purposes to be served by the customer's insurance cannot help but be enlightening and beneficial to both parties.

—MR. BELL.

There is a further point which should be stressed for the protection of our banks in their operation of trust properties. In repair and alteration and decoration jobs we should do business only with actual contractors and only on a contract basis. Moreover, we should restrict our relationship to such contractors as carry and will furnish the banks with evidence of proper workmen's compensation and public liability insurance. In a surprisingly large percentage of our states the courts have held the owner of the property—in the case of trust properties, the bank—liable for injuries or death inflicted on the public by or through the operations of the contractors or subcontractors, or liable for injuries or death sustained even by employees of these contractors, where the contractors themselves did not carry proper and adequate insurance to indemnify the injured persons. It would be wise to check up on the practice of your own bank. Contractor's insurance in adequate amounts, which protects both the bank and the contractor, is a very vital loss prevention requirement for a bank. And for further indemnity, contingent liability coverage should be carried by the bank itself; the rates for such insurance are low.

Whether dealing with its own insurance or its customers' insurance, a bank should first of all assure itself of the sufficiency and the appropriateness, for the purpose of providing loss indemnity, of any insurance coverages which it purchases for itself or which it accepts from customers.

Undesirable policy limitations or missions of coverage can be frequently removed for the asking—well, maybe a persistent asking! But improvements in coverage are seldom offered to us except upon request.

Let me urge the centralization of insurance supervision, if your bank does not already have it. The insurance problems of our banks are multiplying daily. Even with centralized supervision proper protection, economy and uniformity are not easy to achieve.

Good News

FROM all parts of the country our member boards are sending us good news concerning the real estate market. We will build 300,000 new family units this year, with a value of a billion dollars. This is the spear-point of advance. Other types of real estate activity are good. We have every reason to view the next months with optimism and confidence.—E. L. OSTENDORF, President, National Association of Real Estate Boards.

November 1939



"CENTRAL - IZE"

**Your Banking
Transactions in the
Great Lakes Region**

Many banks have found it advantageous to "Central-ize" their transactions in Cleveland and the Great Lakes Region — through a correspondent relationship with Central National Bank.

They find that transit items move in and out of Cleveland rapidly, that collections are made efficiently, and the details of foreign correspondence handled constructively.

We invite you to make full use of the facilities and experience of this bank in the important Great Lakes area.

CENTRAL NATIONAL BANK

of Cleveland

Member Federal Deposit Insurance Corporation

Cream Puff Prosperity

ERNEST T. WEIR, Chairman, National Steel Corporation, and President, American Iron & Steel Institute, before the AMERICAN INSTITUTE OF STEEL CONSTRUCTION.

WE may as well face facts. It is true that the course of business has been upward since 1938, but without sound fundamentals mere increase in volume cannot be sound. And however pleasant it may be as a respite from depression, the present greatly increased business activity does not have its base on an economic foundation which can support sustained and genuine prosperity. It is a war boom. Despite the fact that the great bulk of activity to date has been exclusively domestic activity, it owes its existence to a single circumstance—the existence of war in Europe.

The point does not need to be labored. The real jump in the business curve coincided with the declaration of war. On the commodity and stock markets the greatest activity was in the commodities and in the stocks of companies most likely to be affected by the initial demands of war. The activity of non-war business can be ascribed partly to increased consumer purchasing as the result of increased employment, but mostly to the rush to protect inventories against material shortages and higher prices. Wall Street gives a clue to the slenderness of the reed which supports this boom every time it goes up on war news and goes down on peace news. And if a real peace were declared tomorrow, do any of you think we would not be right back where we were two months ago; that orders now piling on top of one another would not be cancelled; that inventories would not go back to their previous subnormal levels?

IF BUSINESS BOOMS

AT this moment, I do not believe that any in this group or very many in the general public are deceived as to the elements supporting the present increased activity. And so long as its impermanent and unsubstantial nature is recognized, the so-called recovery holds little avoidable danger. But if war continues and if under war's stimulation, business activity continues and grows greater, there is serious danger. Memory can be very short. A year or so of good employment, good wages and good business in general could lull us into the belief that war prosperity had solved depression problems for us. Even those with clearer heads and longer memories, those who kept in mind the fact that another depression waited at the end of the boom, would equivocate by saying to themselves, "let's cross that bridge when we come to it."

Already there can be noticed a disposition to regard the depression as something already past or, at least, on the way out. From Washington, which so recently was almost exclusively concerned with matters of domestic economy, about all the news which makes front pages now concerns foreign affairs or is closely related to them. The activities which gave real promise of correcting some of the New Deal's most glaring failures, and of alleviating some of the conditions created by the New Deal which prevent sound recovery, have become sidetracked or lost to public view since the spotlight has been shifted to war. The mere fact that our attention has been diverted from the familiar depression problems does not mean that they are not still present. They have not disappeared; they have merely been glossed over by a surface prosperity which rests on a foundation about as firm and strong as the filling in a cream puff.

The thing of present importance is that business men do not confuse profits that may be earned without too much

On Management's Doorstep

THE direct responsibility for non-profitable business must be placed squarely on the doorstep of industry's own management. Management has not been profit-minded. Instead, it has attempted to conduct business on a basis of losing as little as possible. It has justified acceptance of business at a loss on the theory that this unprofitable business would pay in the long run by helping to maintain plant, equipment and personnel. No such attempts to rationalize acceptance of business at a loss can be right. Losing business remains losing business.

Our profit problem is our own. Each of us must find its solution in our own back yard. Know our costs, see that our efficiency is at least as high as our competitor's, then determine that regardless of volume, of the practices of any other company, we will do business only at prices that include costs and a reasonable profit.

—MR. WEIR.

effort under existing conditions with profits that must be earned under any conditions. Business men must prepare now to keep their companies in a profit position in the trying times that await the cessation of war. What is true of profits is true of unemployment and all our other problems. At the end of this war, whenever it comes, these problems will be there waiting, and redoubled in size and in gravity. If this sounds like the voice of Cassandra, I regret it, but I am convinced it is true. We have a chance if we don't go soft. We have a chance, if we keep these problems as fresh in mind as they were a few short weeks ago—as fresh in mind as they are to the fellow who is still out of a job. We have a chance if we keep hammering everlastingly to see that these problems are met with sound domestic solutions. We have a chance if America stays out of war.

If America goes into war, I am afraid that none of us here will live to see again the freedom which we once so calmly regarded as our natural birthright. War this time places at stake not only American lives and treasure, but the very principles which have made Americans the world's first real race of freemen.

Our credit structure now strains under a Federal debt of about 45 billions. Add to these billions the many billions more that would be poured into a war venture and what would happen? Capitalism would be expected to foot the bill for this as it is for everything else. When it failed, as it would, what would be blamed? You know the answer. The capitalistic system, of course. Out with it! Let's try another! What other? I don't know the answer to that. But I do know that the collectivist idea has made deeper inroads in American government than anyone would have thought possible a few short years ago. I know that in event of war we can expect a degree of regimentation and control by government that is now unthinkable, and I know that the conditions that will follow war will be much less conducive to the return of individual freedom than they will be to the flowering of collectivism with its inevitable climax—dictatorship.

The present, imperative duty of any real American is to keep America out of war. The second duty—and it is almost as important—is to insist that beginning now this country must find American solutions to American problems.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Statement of Condition, September 30, 1939

RESOURCES

CASH AND DUE FROM BANKS	\$1,316,611,273.45
BULLION ABROAD AND IN TRANSIT	4,104,809.19
U. S. GOVERNMENT OBLIGATIONS, DIRECT AND FULLY GUARANTEED	808,803,815.57
STATE AND MUNICIPAL SECURITIES	145,155,667.39
STOCK OF FEDERAL RESERVE BANK	6,016,200.00
OTHER SECURITIES	139,856,399.67
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES.	601,289,697.70
BANKING HOUSES	33,529,051.51
OTHER REAL ESTATE	8,368,506.25
MORTGAGES	10,437,587.73
CUSTOMERS' ACCEPTANCE LIABILITY	13,286,318.66
OTHER ASSETS	9,551,850.34
	<u>\$3,097,011,177.46</u>

LIABILITIES

CAPITAL FUNDS:	
CAPITAL STOCK	\$ 100,270,000.00
SURPLUS	100,270,000.00
UNDIVIDED PROFITS	34,058,239.52
	<u>\$ 234,598,239.52</u>
RESERVE FOR CONTINGENCIES	15,945,320.94
RESERVE FOR TAXES, INTEREST, ETC.	2,061,467.14
DEPOSITS	2,817,976,513.90
ACCEPTANCES OUTSTANDING	16,039,954.07
LIABILITY AS ENDORSER ON ACCEPTANCES AND FOREIGN BILLS	5,962,400.72
OTHER LIABILITIES	4,427,281.17
	<u>\$3,097,011,177.46</u>

United States Government and other securities carried at \$106,136,063.40 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

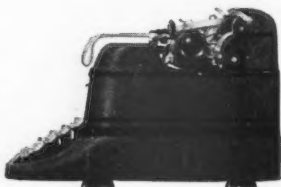
Member Federal Deposit Insurance Corporation

...a sensational triumph of typewriter design
 ...an executive's ideal of economy and efficiency
 ...a secretary's dream come true!



**FAST, EFFICIENT...
 MORE COMPLETE
 THAN EVER!** Other
 features of the 1940
 Super-Speed model are
 the new Type Bar Seg-
 ment Lock ... new Line
 Space Indicator ... new
 Card Holder...new Over-
 head Bail...new Touch
 Selector and improved
 Tabulator Mechanism.

**SUPERBLY DE-
 IGNED FROM
 EVERY ANGLE!** Yet
 there's more to the new
 L C Smith than its mod-
 ern appearance. There
 are many new typing aids
 ... the new Automatic
 Margin Set ... not a
 gadget, but a simpler,
 easier way to set margins.



Tomorrow's typewriter—today! A step beyond
 all others in modern, efficient designing ...
 a step ahead in mechanical refinements and
 typing aids.

Yet, basically this new model retains all the
 sound, trustworthy principles which have
 made the Super-Speed L C Smith the choice
 of exacting operators and successful business
 executives everywhere.

THE NEW 1940 *Super-Speed*
L C SMITH

For demonstration call any L C Smith branch or dealer. Booklet on request.

L C SMITH & CORONA TYPEWRITERS INC • DESK 11, 175 ALMOND STREET, SYRACUSE, NEW YORK

ARK
I

NG